

THE CONSULTING HANDBOOK

An Encyclopedia of Consulting, Now in its 10th Printing
Revised, Fifth Edition
The Best From Past Issues of
The Professional Consultant newsletter

by
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TABLE OF CONTENTS

CHAPTER I. YOUR CONSULTING PRACTICE

Consultant Defined	1
Selecting a Company Name, by Jeff Davidson	1
Selecting a Name: Another Viewpoint	3
Selecting Your Logo, by James Eli Bowden	5
Designing Your Own Logo, by Robert McCord	6
Selecting Professional Help	8
The Part-Time Consultant	12
On the Advantage of Staying Solo	12
On Partnerships, by Hubert Bermont	13
More on Partnerships	14
Incorporating	15
Working Out of Your Home	16
Practice Expansion	17
Principals' Involvement as Practice Grows	18
Accreditation, by Hubert Bermont	20
The Certified Management Consultant Program	20
Benefits of Professional Societies for Consultants, by Dr. Linda B. Nilson	22
Your First Client	23
Success in Consulting	24
Consultant Qualities, by Hubert Bermont	28
The Burnt-Out Consultant, by Dr. Theodore Kurtz	28

CHAPTER II. THE FINANCIAL SIDE OF CONSULTING

Time Behavior, by Katherine M. Klotzburger	32
Making Time for Time Keeping, by Robert McCord	34
Another Time-Keeping Approach	37
The Art of Fee Setting	39
Disclosing the Fee to the Client	40
Daily Rate Versus Fixed Price Contracts	46
Estimates and the Fixed Price Contract: How To Do It	48
Do You Really Want a Retainer?	50
Invoices for Consulting Services	52
Questions and Answers Regarding Fees	53
Handling Expenses	56
Tax Deductions	59
How Long Does It Take a New Consultant to Earn His Former Income?	60
Saving Money on Long Distance Calls, by David Lichtman, Ed. D.	61
So You Want a Computer But Hate to Spend the Bucks	62
How to Collect Receivables, by Thomas J. O'Malia	62
Tips on Selecting a Collection Agency	64
Determining the Value of Your Consulting Practice	64

CHAPTER III. MARKETING

Marketing: You Must Learn How	67
Developing the Marketing Package, by Ronald I. Davis	70
Business Contacts: Some Questions	73
Marketing of Diagnostic Services by Consultants...	74
Some Assistance and Thoughts	
Some Marketing Questions and Answers	76
The Client Mind...Some Tips on Marketing	80
Selling Techniques	81
Controlling the Sales Presentation	85
Productize...Making the Selling of Consulting	87
Easier	
Cold Mailings	89
Advertise: Should You?	90
Space Advertising, by Hubert Belmont	95
Developing Brochures	95
Promotional Brochures	100
Developing Newsletters for Profit or Promotion	102
The International Marketing of Newsletters, by	110
Lawrence Gasman	
The Introductory Letter, by Margo Landrum	113
Engagement Letters	116
Effective Use of the Telephone in Your Practice,	116
by Mike Burns	
Are You Manufacturing News?	118
Long-Range Marketing Department	119
Indirect Marketing, by Largent Parks, Jr.	119
Promote Yourself with Tapes	121
Should You Write for Professional Journals? by	122
Robert McCord	
How to Start Your Own Professional Association	125

CHAPTER IV. PROPOSALS AND PRESENTATIONS

A Simple Contract May Be the Best Contract	128
Developing Written Proposals	130
The Feasibility Study	150
Progress Reports as Strategy	152
Writing the Consultant's Final Report...Strategy	154
for Effectiveness	
How Good Are Your Proposals?	157

CHAPTER V. CLIENT RELATIONS

The First Meeting with the Client	161
Probing Interview Questions to Ask (Potential)	162
Clients...According to Consultants	

Understanding When the Client's "No" Means "Yes", by Robert McCord	164
Presentations to the Client: How Good a Job Do You Do?	170
Get Tough with Clients	171
Some Thoughts on Advice Giving	172
How to Avoid Giving Away Free Consulting	177
The Consultant as Evaluator: Selling Evaluation Services	181
The Signs of Bad Client Business	183

CHAPTER VI. SEMINARS

Is Everyone Getting Into the Seminar Business?	187
Public Seminars: A Guide	189
If You Raise the Fee for Your Seminar, How Much Enrollment Will You Lose?	192
How to Buy Hotel Conference Rooms	194

CHAPTER VII. GRANTSMANSHIP, by Dr. Harry J. Murphy

Grants Consulting	196
Establishing the Probability of Your Client Being Funded	197
Writing the Proposal	200
Matching Client to Funding Source	201
How to Get Funded by Corporations	203
Creating Your Own Grantsmanship Projects	204

CHAPTER VIII. THE FUTURE

Consulting in the 1980's	207
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ABOUT CONTRIBUTING EDITORS	210
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CHAPTER I

YOUR CONSULTING PRACTICE

CONSULTANT DEFINED

A consultant is an individual or firm (profit-making or not-for-profit) which provides advisory services for a fee. 'Advisory services' is taken to mean inspection/evaluation/research with subsequent recommendations as well as interaction with the client's resources. Interaction with the client resources refers to the role of advisor working with and through the resources of the client (including human resources) for the implementation of advice or recommendations from the consultant. The consultant, in either situation, acts as an independent, unbiased source who makes decisions solely and exclusively in the interests of the client.

SELECTING A COMPANY NAME by Jeff Davidson

In the last ten to fifteen years there has been a great increase in the number of new consulting, EDP/software firms, planning groups and management organizations, all created with the main objective of providing specialized services to a designated target market. Some firms that have been in existence for several years and operate internationally are so well known that the company name is firmly etched in the minds of those they are trying to reach. Examples of firms in this category include: Booze, Allen & Hamilton in consulting; Planning Research Corporation (PRC), a diversified services firm; American Management Systems (AMS), a data processing and software specialist firm; and Peat Marwick and Mitchell (PMM), one of the "big eight" public accounting firms.

For less well known firms, however, the use of certain combinations of words in the name of the firm can actually be a source of

confusion to the target market. For example, the words 'management,' 'organization' and 'group', when strung together, could be the name of a firm entitled the Management Organization Group or Group Organization Management or Organization Management Group. Listed below are terms used by professional service firms throughout the country that have been found to be, in part, a source of confusion to the target market that the firms are trying to reach. This list, incidentally, in no way implies that these words should not be used when contemplating the name of a new firm, but that using a combination of two or three of these words will, in fact, serve as a source of confusion for those who may be trying to reach you. The words are: executive, American, research, opportunity, planning, data, computer, profession or professional, consultants, resource, management, advance, association, systems, urban, corporation, applied, counsel, corporate, planner, information, institute, industrial, specialists, center, national, organization, operations, group, technology, search, united, and analysis. They are not presented in any order intentionally. Now, let's explore the possibility of naming your firm with the combination of the words listed above.

American Research Consultants does not sound bad, but who are they? Professional Planner's Institute, Industrial Management Specialists, Urban Analysis Center, Research and Management Analysis, Council of Industrial Development, Computer Technology Systems, ad infinitum. In all, there are over 27,000 different three-word combinations that can be created using the above list that produce a professional sounding, semantically appropriate, business name. As stated above, many firms have successfully used combinations of the words to create a company name that has a strong image and does, in fact, reach the desired target market. Firms in this category include: the General Research Corporation, Electronic Data Systems, the Urban Institute, and as previously mentioned, the Planning Research Corporation, the American Institute of Research and the American Management Association. However, it should be noted that the American Management Association has the AMA acronym, as does the American Medical Association.

Examining the older, established firms within the field of consulting reveals that at least one founder's surname is always a part of the company name: for example, McKinsey & Company; George S. May International; Booze, Allen & Hamilton; Lawrence Leiter & Associates; and Theodore Barry Associates. In fact, only a few of the members of ACME--the Association of Consultants and Management Engineers--do not include at least one surname in their title, such as, The Middle West Service Company, with headquarters in Chicago. The conclusion from the above observation is that for a new or young firm entering the consulting or professional

services market, in order to better establish the firm's identity within the marketplace, the surname of a founder or a principal of the company should be used as part of the company's name.

Law firms have traditionally used only the names of principals within the firm. New York City firms include, for example: Johnson, Tannen, Katzman, Brecher, Fishman and Feit; and Gottlieb, Schiff, Ticktin, Fabricant and Sternklar. Frequently, a firm is named for a father and son, or brother and brother combination such as Davis & Davis.

The most widely recognized marketing research and public opinion polls are the Gallop Poll named after, of course, George Gallop; the Harris Poll, named after Louis Harris; and Yankelovich, Skelly and White, Inc. In the field of data processing, some well known firms include: The Brandon Consulting Group, named after Dick Brandon, and Kidd International Data Entry, named after Ronald Kidd. Within advertising agencies, once again, the names of successful firms involve use of surnames of the principals or founders. This is true in the case of Young and Rubicam International; Wells, Rich & Greene; and the J. Walter Thompson Company. This trend is also maintained among public relation firms. Consider Burson-Marsteller; Daniel J. Edelman, Inc.; and Ketchum, McLeod & Grove Inc.

Of course, the name of the firm can never compensate for a poor marketing effort or a poor performance. However, if your firm does have a product or service to offer, and if you intend to be in business for a long time, there is evidence that the best name for your firm will include some combination of a principal or founder's surname and one of the descriptive terms that is listed above. Examples of firms with this combination include; Dunhill Personnel of Atlanta; Purcell Consulting Associates; and Fry Consultants, Inc.

An added benefit of naming your firm in this way is that few people will ever mistake your firm for a non-profit association, federal or local government agency, or quasi-public group. Also, if you are the individual whose surname is used in the name of the firm, then your achievements, your experience, and your reputation are directly linked with those of the firm, and if you have a reputation for turning out a high quality product or service, that linkage with your firm can be a highly significant marketing aid.

SELECTING A NAME: ANOTHER VIEWPOINT

Several years ago, it would have been my suggestion not to use your personal name as the name of your business. Today, the answer is not quite so clear cut. The reason it is less clear today is that

people in our society are strongly attracted to personalities. Personal identification seems to be important in an age of impersonal organizations and a complex society. Rock stars, actors and athletes, of course, all seem to capitalize on this trend. Maybe consultants should too.

The reason why you might not wish to use your name as your company name is based on several factors. These factors are things I have learned over the years from various business advisors, particularly members of the legal profession. Among the factors are:

1. The protection of a corporation in insulating the owner's assets from liability which results from business decisions is less when the consumer may reasonably be confused by a lack of clear distinction between the individual and the business.
2. Should you declare bankruptcy, it would be wise if your personal name did not have to appear in the public records. It might confuse some and the personal publicity which results might not be in your interest.
3. If you elect to sell your corporation or your name, it might not be in your interest to do so if you don't want your name associated with the buyer.

These factors, of course, all relate to the business being a corporation. Even if you don't plan to incorporate, however, you may later elect to do so. This might be done after your business name has been established and well known. A change in name at that time might be more difficult than the selection of a name at the time one is starting a business.

The laws of almost all states require that if you are going to do business under a name different than your own legal name (or your corporate legal name) certain procedures of notification or registration are required to protect the public and to identify to the public, if necessary, just who is representing this business. This applies to any alteration of your name, even the mere addition of the words "and Associates" to your personal name. The procedure is easy and involves nominal expense in most states and should be checked out.

The protection of a name is a very complex matter and you would be well advised to obtain the assistance of legal counsel. In your state, for example, a corporation wishing not to have others use its corporate name may be in pretty good shape. All corporations are required to register their name and if the name is already in

use, the Corporations Commissioner will not allow the name to be used by a new corporation. Large companies usually seek to register their name in all states in which they expect to do business in the future. I am sure that you can see where this would be a costly endeavor.

SELECTING YOUR LOGO by James Eli Bowden

In today's competitive marketplace, to be seen and remembered is half the business battle for the large corporation as well as the sole proprietor. It is risky not to take advantage of every opportunity to communicate the visual image of your firm. One of those highly visible but too-often ignored opportunities lies in the graphic image of your firm. The graphic image is projected by every element with the firm's name on it--letterhead, news releases, mailing labels, newsletters, direct mail, audio-visual.

If you want your firm to project an immediately recognizable image you have to establish a positive visual image. A firm's visual statement is usually referred to as its corporate identification, but let's call it an identity system. Which is exactly what it is: a logical framework in which each element successfully functions alone, and which viewed as a whole, projects a unified image. The image is the firm's visual statement to the world of how it views itself and as a result has a significant effect on how the world views the firm.

The major element of the identity system is the logo. It may be a symbol (such as Shell Oil's shell); typography (a firm's name rendered in a distinctive manner, such as the Eaton Corporation logotype); an initial or initials (such as IBM); or combinations of symbols and typography (such as the Bell System).

Such an identity system is the result of sound analysis. Before any creative work is started it is essential that you analyze what and where your firm is at present and what and where you would like it to be in the future.

Now is the time to select a design consultant. He should be able to assist you in the analysis. The designer will design the graphics, but later. His first function is to assist you in making up your mind what you, the client, want your new identity system to accomplish.

When the analysis is completed, use the information to establish design objectives that will become the criteria for evaluating all creative work. Design objectives consist of image attributes

and functional properties. Image attributes convey abstract concepts you want your firm to project, for example: contemporary, innovative, dynamic. Functional properties are the visual characteristics the graphics must have, for example: distinctive, simple, functional and easy to remember. Good design is good communication, so remember to use the design objectives as the standard for judging the final products.

A good logo should express the attributes your firm wants to communicate, but, more important, it must be clear and distinctive. It also must be understood quickly and remembered easily. A logo that is ambiguous or poorly proportioned is difficult to decipher or remember. This can have an adverse effect on the entire identity system.

Firms with a small advertising budget should think twice about considering an abstract symbol for their logos. The only visual relationship an abstract symbol has with a firm's products, services or name is established by advertising.

The various ways in which a firm will use its logo have to be considered by the designer when creating it. The logo must reproduce well in different sizes, so it will be effective as a quarter of an inch on a business card as well as twelve inches high on a sign. The different uses of the logo demand that it be designed so it will reproduce well on various surfaces: paper, metal, glass and so on.

The type of logo, symbol or logotype and the style of the graphics for your identity system depend on how you want to position your firm. The positioning of the firm is a management decision. The design can reinforce the firm's strategy, make it stronger, more recognizable, more memorable and more specific for your firm. That is what a graphic designer can do for you. An informed consumer will not expect less when shopping for graphic services to impress your public.

DESIGNING YOUR OWN LOGO by Robert McCord

Developing a distinctive logo for your consulting firm need not always be done by an agency commissioned for that purpose. Not too long ago, NBC retained a qualified corporate image consultant to do away with the familiar peacock and to come up with a more modern, even futuristic, logo. After some time and considerable expense, NBC decided on the two connecting trapezoids fashioned as a large N. Proceeding to register this new logo, the large broad-

caster found that a public television station in the Midwest had been using the identical design as their logo. The same N that had cost NBC a hefty fee had been created by the public television station's draftsman in a couple of hours for a couple of bucks. So, NBC bought the rights to the now familiar blue and red N; the public television station bought some additional equipment. Such an incident does not really fault the design consultant since no TV station draftsman came up with the corporate images for United Air Lines, E. F. Hutton, or Burger King. However, it does point out that anyone with a certain creative ability and time in which to exercise it may be able to formulate a suitable logo for his/her consulting service.

Having the creative interest, I took a shot at it. Before taking my request to a design consultant, I played around with some of my own ideas which finally resulted in our partnership logo.

To begin, I considered every typeface I saw, particularly the more stylistic ones usually encountered in movie ads, record covers and magazine layouts. I wanted nothing dull, simple or dainty; neither did I want ornate, hard-to-read, or bold typeface. I evaluated the more eye-catching styles, asking myself if a particular typeface would be suggestive of my services or more suitable for a Mexican food restaurant. High school kids use Old English type for their graduation announcements, script is more appropriate for wedding invitations, and character alphabets with large O's and skinny N's conjure up the jazz age. More esoteric reasons eliminated other types.

Ultimately, the Futura black typeface suited my purposes. It is sharp and clean, used enough so that it is familiar and readable to clients, modern and distinctive in appearance. Even its very name suggests its image. But in solid-face the letters are too bold, almost overpowering; they can convey a certain resolution and close-mindedness. As consultants, my partner and I want to convey resolution and open-mindedness. We know what we're about, Mr. Client, and can advise and guide you in solving your problems. As a result, merely outlining the letters lessens their boldness and symbolically depicts our openness to deal with problems within established parameters.

Once the typeface had been selected, I needed a color scheme to advance the design and image. I immediately discarded black print on white paper as too staid and, after digging around for awhile in the psychology of color, the two of us decided on blue ink on buff colored paper. We have been able to carry this scheme out very well in our products. Proposals, reports and other written

communications are typed using matching blue ribbon; reports and seminar workbooks are bound with blue spines and their covers are buff with blue logo imprinted on them. Before we settled on this combination we investigated various products we might use to be sure these colors were available.

Our name and logo is printed on undersized business cards, one and a quarter by three and a half inches (conventional cards are one and seven-eighths by three and a half inches). Clients have a way of remarking on the size of the card, running their fingers around it, comparing it with their own, putting it in their pockets only to take it out again to play with and to show others. They comment on the logo as well and we point out that the logo and the card have been completely designed to do more with less, the response is usually, "Hey, maybe you guys can help me." The logo and odd-sized card do help identification. In our case, however, we have to be sure we present our cards after we've described our services, otherwise the client pays more attention to the card and logo than to our presentation.

SELECTING PROFESSIONAL HELP

The selection of professional practitioners to assist you with the management of your practice is a serious consideration. There are any number of different criteria to take into account. Among those which should be considered are the following:

A. Finding professionals--You should seek out other competent persons in business, including other consultants with whom you are not in direct competition, to suggest the names of accountants and lawyers they use personally or of whom they have personal knowledge.

If you respect the decision-making ability of these people and believe them to be both ethical and credible, chances are that their experience and contacts will produce some acceptable leads for you to interview.

In the absence of this resource, I would certainly suggest that you consider buying an hour's time from a senior partner of a/the leading law firm/accounting firm in your community and asking him/her for a suggestion. This will probably be of more value in the selection of an attorney than an accountant. The senior partner may well suggest someone on staff in the firm--a junior who bills out at a lower rate--or someone external.

B. Certified public accountants--The certified public accountant has certain advantages. In certain situations and under certain

laws, accounting work must be, for all practical purposes, performed, or at least reviewed, by a CPA. Since the CPA has the full range of acceptability on such matters, having a CPA can save you the trouble of later having to go through the search process again.

Many consider the CPA's usually higher level of training and demonstrated proficiency to suggest greater competence and ability. This may be a factor too. Others often accord the analysis of a CPA to be more reliable than the analyses of other financial and accounting professionals.

To practice, legally, attorneys must be members of the Bar. Another consideration in selecting a lawyer, however, is the university at which he/she received training. In certain business circles, established and recognized universities--particularly the Ivy League schools and a few other universities--are more highly regarded. This can be helpful if not for the fact that the training the attorney received was better, but for the contacts often made at such institutions.

C. Evaluating and selection--Many consultants seek out attorneys and accountants on the basis of the specialty and how that specialty fits the need of the consultant. While there is nothing wrong with this approach, consultants are advised to seek out such professionals on the basis of how well the interests and personalities of the two mesh. You will obtain much better service from your attorney if the two of you "like" each other, have common interests and ways of thinking. The person who has as his/her lawyer someone that they don't really like to deal with will find that they seek to avoid interaction and thus will receive less than the full benefits possible from the relationship.

You should sit down and decide what is important in the relationship between you and the legal and accounting professionals who will serve you. Develop a list of questions to ask during an initial interview. Study the results of the interview and compare the answers and impressions gained before making a decision.

D. Sole practitioners vs. larger firms--There are excellent professionals in practice for themselves and in mid-sized and large firms. Firm size seems relatively unimportant in making your selection. One advantage of the larger firm is that they have, in most cases, a variety of different specialists. When your problem might benefit from consideration by a specialist, it is easy and convenient to utilize the specialist. In the sole practitioner firm there is sometimes a degree of reluctance to go outside for a specialist unless the requirement to do so is very obvious.

The solo may feel that by introducing you to a specialist, a marriage between you and the other professional might take place.

On the other hand, in the larger firm with a great deal of specialist talent around, there is sometimes a motivation to call in the specialist (and a higher billing rate) before it is really necessary.

Often, the fees charged by a larger firm are higher than the fees charged by a solo practitioner. Someone, and that is you, must service the higher overhead associated with many larger firms.

E. Commercial banks--The services which may be provided by different kinds of banks--commercial banks, savings banks, savings and loan institutions--are a function of both federal banking regulations and state laws. These laws are now in a state of flux. Major changes on both a permanent and trial basis are being made. The general trend is to move toward what is called a unitary banking system and away from the dual banking system. The dual banking system has left the financing of business and related kinds of activities to commercial banks and real estate financing to savings and loans and savings banks.

In most communities, however, the commercial bank is still the important institution for the financing of business. A larger and established bank often suggests to those with whom you do business that you are solid. But there are many fine smaller commercial banks that specialize in different kinds of business financing that may be appropriate and which may have connections that will benefit your practice.

Many feel that the smaller banks give better, more personalized service than the giants. You should select your bank on the basis of an interview with the officer in charge. Find out how your personalities and attitudes mesh. Try and create a personal relationship and get to know one another. Keep the banker informed as to what you are doing and how things are going.

F. Collection of fees--How do you get clients to pay up? One firm I have billed and rebilled, even called. What's next? Do I go to small claims court or hire a lawyer?

The primary reason consultants have collection problems is the result of a breakdown in communications with the client. As long as each party to the contract fully understands his/her obligation and the obligation of the other party and agree to what those obligations are, there will be little chance of not being paid.

Good and meaningful communications combined with a solid

written contract between the parties are your best protection. When you combine progress payments and front end retainers and other similar arrangements to insure that you are collecting the fee, the collection problem should really go away.

But in your case, you are in search of a fee which has not been collected. We must deal with the here and now, regardless of what might have been done in the past.

A client may refuse to pay a fee because the client does not have the funds and has decided that you are the easy one to lean on from among all the creditors that the client has. More often, the client refuses to pay the fee because the client is unhappy with the relationship between client and consultant or with the quality or quantity of work that the client received.

The very first thing you must do is to determine which is the case. You will work at extracting your fee from the late client in different ways depending on why the client isn't paying.

If the client isn't happy with you or your work it will be necessary to make the client happy with what you have done or to negotiate with the client with respect to what you should do to make the client happy. In almost all cases, a client's lack of complete satisfaction is a communications failure and not a technical failure. Be direct. Ask your client for what reason your fee is being withheld. What do you have to lose?

Try and negotiate with the client to make the client happy.

If the client isn't paying you because the client lacks funds, you are not being paid while others are because the others might create greater problems for the client than it's assumed you would.

You must become a problem for the client. The client must feel that a failure to pay you will create problems which are greater than will be caused by other creditors. You may have to hound the client or in some way be more creative in your collection efforts.

You can get money out of anyone who has money to pay you if you will just think about a clever way of extracting the dollars. Everyone has someone to whom they would not want it known that they don't pay their bills. All you have to do is figure out who that is and then threaten to expose them in a subtle way.

Later, you can always obtain the services of a collection agency or an attorney if your efforts are unsuccessful.

THE PART-TIME CONSULTANT

How do you juggle full-time employment with part-time consulting? The answer is motivation. When you are highly motivated you can do a great deal of work in very little time. If you are not currently experiencing this phenomenon you lack the right motivation for what you are doing now.

Most large organization employees can get by, with a little self time management, on about 36 hours a week. If you look at the work week as being 7 a.m. until 9 p.m., five days a week, less two hours for meals and nonsense, that's 60 hours a week. Even giving you your Saturday and Sunday free, you have 24 hours in which to do part-time consulting. So, spending 8 to 12 hours on part-time consulting is not too much of a strain. I repeat--MOTIVATION.

As a part-time consultant, you are largely limited to consulting assignments which are of the "pick-up, take home and complete, bring back variety." Structure your practice so that the kinds of assignments which you accept don't require normal work day interaction with the client and client staff.

If you think it a hardship to hold meetings with the client outside of regular work hours, it isn't. They usually prefer it. This is especially true when the client organization is small or when you are dealing with top management and owners. Why? It doesn't take time from their regular work day and it is private and confidential.

ON THE ADVANTAGE OF STAYING SOLO

Why do so many consultants resist the opportunity to grow, add staff and associates? They want to avoid dependency on other people. This is more the cause of "soloism" than risk avoidance. I say this because a lot of solos take big risks, in many, many different ways.

Consulting is an intangible. Client dissatisfaction takes place only when you fail to deliver what the client is expecting. Short of this, the client doesn't know he is dissatisfied, even if he should be. Think about that!

When you are in the intangible market, manufacturing and delivery are one and the same. Humans do both. This may be just you or a staff or group of associates. Span of control is limited. You may be willing to take responsibility for yourself--but for

others? Bigger risk!

What are consultants doing to control the risk of dependency on others while still trying to create the security of growth? They are attempting to combine man/machine systems. They are working at making their intangible services more tangible--at least partially tangible. So the combination of a manual with some face-to-face advice giving has merit. The training program run by key staff members is insulated by three hours of video programming to insure the communication of vital data with the right style. The computer programmer selects a proven effective program instead of designing a new one.

There is another aspect to this intangibility thing. You must create a picture for the client. In buying your services the client cannot touch, feel and smell. At best, he can talk to a few past clients. But this is little in the assurance department. The consultant who paints a good picture of the future is the consultant who gets the assignment. Remember that when you have your marketing hat on!

And, this doesn't mean that your pictures are spectacular. They should be honest--photographs, not abstracts. Why? Because client dissatisfaction takes place only when you fail to deliver what the client is expecting.

Yes, it is a little like a dual-edged sword.

ON PARTNERSHIPS by Hubert Bermont

A condition devoutly to be desired is to have so many clients, so many assignments and so much work that you need assistance with your practice. If this should happen, you are in the kind of trouble we all pray for. But trouble it is. The first thing that comes to mind is the hiring of a young assistant. But a young assistant will be rejected as a consultant by your client, naturally. The client will not accept the assistant in your stead no matter how low the price. You will require an experienced associate, who must be introduced as such.

Be extremely careful at this juncture of your career. The overload situation may be a temporary one. To hire someone full-time may be hazardous to your practice further down the line if things slow down. A partnership could be even worse. Sometimes we confuse an overload of office clerical work with a burgeoning practice. Temporary clerical workers in the office can alleviate the workload quickly and expeditiously.

Of course, if your practice is really growing that solidly, then associates or partners are in order. But if not, remember what Thoreau once said: "The cart before the horse is neither practical nor beautiful."

If you opt for a partnership, I urge you to heed the advice of Ben Franklin on this subject: "Partnerships often finish in quarrels; but I was happy in this, that mine were all carried on and ended amicably, owing, I think, a good deal to the precaution of having very explicitly settled in our articles everything to be done by or expected from each partner, so that there was nothing to dispute, which precaution I would therefore recommend to all who enter into partnerships; for whatever esteem partners may have for and confidence in each other at the time of the contract, little jealousies and disgusts may arise, with ideas of inequality in the care and burden, business, etc., which are attended often with breach of friendship and of the connection, perhaps with lawsuits and other disagreeable consequences."

MORE ON PARTNERSHIPS

Partnerships, some of you have heard me say, are trouble. You should avoid them like the plague! They are troublesome for many reasons, not the least of which is contingent liability. The consulting partnership is particularly bad. Unlike most business ventures, the major asset of a consulting practice is the/are the consultant(s). This is why you have to be particularly careful. Without the consultants there is no business.

Partnerships only work when there is absolute dependency. Remember the movie "Paper Tiger". The business partnership is much like a modern marriage. Too often destined to fail--no economic necessity!

Partnerships must work in bad times as well as good times. They work a lot better in good times. Look at your potential partners with care. Leopards rarely change their spots. Behavior, even past behavior, is a better indicator of future behavior than are words.

Too many people enter into partnerships because they want someone to keep them company, to commiserate with. These are strong, strong reasons not to enter into a partnership.

INCORPORATING

I have never given a blanket recommendation to incorporate. I am advised by accountants that at certain levels of income there are tax advantages in doing so.

Just yesterday I invited my accountant to have lunch to ask the following: "It seems to me that I used to be better off before I was incorporated! I know there are all kinds of tax advantages, (he had told me so), but am I better off?"

He wasn't really sure, or at least he thought that I wanted to hear that he wasn't sure. The real problem with incorporation as I see it is double taxation.

When you are incorporated you probably pay yourself a salary. You must pay tax as you draw out your salary. Or, you may borrow from the corporation and create an obligation to personally pay back what you have borrowed. Profits of the corporation are taxable. If you pay out the profits in the form of dividends or bonus to yourself you will pay a double tax. First, the corporation will be taxed, then you will be taxed.

Some years ago, the smart set said just leave the profits in the corporation and let the corporation invest them. But it didn't take Uncle long to wise up. The IRS saw this little tax dodge and decided that they would set a limit on the total amount of retained earnings you could keep in a corporation. Along came the excess profits tax.

So why not just keep borrowing corporate funds and never take any personal income. The IRS has you again. This is viewed as a subterfuge to avoid taxes.

I could go on and on. We have not talked about the extra record keeping that a corporation involves. We have not talked about profit sharing plans, we have not talked about corporations taxed as though they were individuals, we have not talked about protection of your personal assets from liability, etc.

In short, it isn't a simple decision. And I for one would be inclined to move very slowly and get excellent advice.

Oh yes, when you incorporate the timing of incorporation does make a difference. Selection of the correct date can serve to reduce your tax burden. The coordination of the corporate tax year with your personal tax year may well impact your tax liability.

Don't be afraid to pay for good legal and accounting services. Don't forget to do some reading on the subject. The more you know, the more legal guidance which you have, the better your decisions are likely to be.

WORKING OUT OF YOUR HOME

Consulting is one of the few businesses/professions which can be successfully operated out of one's residence. The fact that a large number of consultants operate this way is sufficient evidence. There are several factors to consider, however.

First, is your home a suitable and convenient place from which to work? If the home provides a convenient, quiet locale for serious work there is very little reason to reject it as a work place. Suitable largely translates to quiet and undisturbed. Convenient may or may not be a factor. The great majority of consultants do not have their clients come to them, but rather go to the client's place of business. If your practice involves the client visiting your office, a suburban location or a house full of kids may make your home inconvenient.

There may be some serious advantages to giving the impression of having an office even if you do work from your home. There are some rather low cost ways of doing this, however. Take the services of a good telephone answering service, for example. Such a service can provide someone to answer your phone calls around the clock. It is always advisable to have a business telephone answered during business hours and perhaps 24 hours a day. If you are working on a national basis this is especially important. While those in the Western time zones are usually cognizant of the difference in time to the East, I am constantly amazed that those in the East are not. Hence, you may get a great number of phone calls at odd times. The human answering service, for all of its limitations, is still preferred by most callers to the machine. You can get some really excellent service from that telephone answering service if you will take a moment here and there to stop and talk and provide an inexpensive gift at Christmas and other suitable times.

Most answering services will be able to provide you with an address for the receipt of mail. There is usually a monthly charge of from \$5 to \$12 for such a service, but it does provide you with a business address. Since there are many answering services around, you can pick out any type of address that suits your fancy. Such a business address may also save you from the

rash of salespersons who have the habit of dropping in to sell you all kinds of office supplies and equipment.

If all of this says that you would be better off with an office there are some less expensive alternatives to the full service office staffed with your own clerical help. There are in most cities what are known as professional or executive suites where you have full office services on a shared basis. The cost of this type of office is usually about 60% of the price for having your own. And, even for even less money you can sometimes sub-let space from another professional or business. In this case, there will often be clerical help that will be happy to answer your phone or welcome your visitors. Such clerical personnel will frequently be willing to stay late to do your letters or reports for an hourly fee.

Consulting is a lonely profession, especially when done from the home. As a matter of fact a goodly number of people who are quite successful leave the profession because they miss the stimulation of peer communications.

Others, however, have found a way of dealing with this. Here are a couple of suggestions. Form a study group of other consultants. Agree to meet once a week for lunch and an afternoon informal clinic to discuss ideas, concepts, client problems.

A second suggestion. Formalize that group as the nucleus for a local chapter of the American Society of Professional Consultants (ASPC). Other society governors inform me that there is a great deal of interest and activity in doing this.

Still one more suggestion. Develop ways of working with your clients and client personnel that provide opportunity for this kind of give and take. One approach--leave Friday mornings clear. Meet with clients on this day just to brainstorm. Invite them to include key staff members. No formal agenda. One side benefit to this is that it usually generates new business opportunities.

PRACTICE EXPANSION

Your clients have a need for a variety of different, useful process skills. Taking too narrow a view of the mix of services you are prepared to deliver can hinder growth and expansion of your practice.

This problem can be complicated by the fact that the client may not even know the variety of different process skills that may be useful in dealing with the client's needs and problems.

It will be useful for you to think about a range of process skills that you can provide. By doing so, you will be in a position to expand client thinking and expand the range of opportunities open to you.

Examine each of the roles you might play for the client and indicate how frequently you serve the client in these various capacities. Or, ask yourself how often, in the course of marketing your services, you extend an offer to serve the client in these roles--never, rarely, often or always. Roles you might play: expert advice giver; idea creator/generator; advocate/promoter/crusader/salesperson; evaluator/judge; negotiator/deal maker; mediator/conflict resolver; trainer/teacher/coach; finder/buyer; facilitator/clarifier/friend; diagnostician/need analyzer/predictor; editor/reporter/describer; catalyst/starter; planner; designer; controller/agenda setter; reward giver/punisher.

Once you have completed this exercise and come to realize that there are some process skills you are not making available to clients, what should you do?

First, there will likely be process skills you have not given much, if any, thought to.

It will be useful, then, to sit down with pen and paper and think about your last two or three assignments (or your last couple of proposals) and identify three ways in which you might have provided these skills to the client.

Think in terms of tightly packaged and complete little segments of work you might have done.

Write these down and you will now have a list of possible services you could provide current or future clients.

This might sound like busy work, but it will be very rewarding. You will identify many new things you could do for clients that you probably have not given thought to in the past. Each of these not only expands your range of services but provides a new way of marketing the skills you have. They are new reasons to talk to potential clients.

PRINCIPALS' INVOLVEMENT AS PRACTICE GROWS

What about clients who balk at working with non-principals? The client has bought your know-how, your personality and has

faith in your abilities. Client satisfaction is very much a function of the fact that the client sees you as involved, concerned and active regarding the client's project or work. This means that you must communicate with regularity with the client. The client will usually see no problem should you delegate some of the work to staff, but they expect you to be informed, involved, interested in and communicative about their work. The client, with good reason, is not all that concerned with the problems you have in operating your practice. The client wants you to direct a good deal of your attention to his/her needs.

Two actions will make this possible. First, make your associate and yourself the central communication point between your client and your firm. Collect concerns, problems, needs from your client and communicate these to your staff or associate consultants. Collect findings, interpretations, solutions from your staff and associate consultants and communicate these on to your client.

Second, involve your staff or associate consultants with your clients early on in the marketing of services. In selling, many consultants are very "I" oriented. I can do this, I will conduct this analysis, I will do etc, etc. They use their capability and reputation to sell and then turn the doing of the work over to a group of complete strangers. Take more of a firm orientation with your prospective clients. Even if you don't have any staff, but expect to have to bring some in, talk in terms of being unable to give details on certain aspects of the consultation, because you will have certain specialists involved with the details in carrying out "this activity". Create in the client's mind that you are responsible, in control and knowledgeable about their assignment, but not necessarily the one who will be implementing it on a day-to-day basis. This will serve to properly set client expectations and to indicate that the client will receive a greater breadth and depth of resource in completion of the assignment.

With respect to not having staff or associates steal clients the following points should be made. First, do not give complete control or full knowledge to staff or associates. If you are the central point in the communication process there is no reason key staffers need to have the whole picture. You can release information on a need-to-know basis. Staff members only have a part of the total picture. Second, if you are regularly communicating about and involved with the client's work or assignment, the fact that you sold the job and have positional authority in your own consulting practice will almost automatically cause your client to see you as the vital factor in assignment success. Third, the world is full of people who are not risk-takers. These people prefer to let you take the risk in exchange for receiving a warm

paycheck every two weeks. Don't be so quick to assume that everyone wants to be in business. If you spend time wondering why your staff is not as profit motivated or as entrepreneurial as you are, there is likely very little risk. Your first clue, then, is the personality and motivation of the staff member.

ACCREDITATION by Hubert Bermont

Accreditation is the best advertisement for any consultant. The longer the list of credits, the greater the chance for substantial success. Accreditation comes in many forms. Here are some which have served me well:

- Instructing in a college
- Lecturing to prominent groups
- Conducting seminars in my specialty
- Authoring books on my specialty/field
- Appearing on local radio and television
- Writing letters to the editor on subjects concerning my field
- Writing magazine articles.

Each time you are introduced in any of these areas, the other credits should be trotted out. The longer the list, the more you impress. So stifle your possible shyness in this regard--and let the credits roll. Remember that your potential clients want the very best. They want class. Your credits as a consultant are painstakingly acquired, so once you have them, flaunt them.

Your credits demonstrate your grasp of one of the most important secrets of successful consulting, i.e., knowing more about your field than anyone else. One could almost say that for the practicing consultant, knowledge itself has become an industry. The more information at your command, the greater your professional expertise and the more substantial your reputation as a consultant. You will be amazed at the respect this information commands from your clients and the additional business it generates.

THE CERTIFIED MANAGEMENT CONSULTANT PROGRAM

The Institute of Management Consultants, Inc. states in its written brochure on purposes, programs and benefits of membership that when you see Certified Management Consultant or the initials CMC following a consultant's name, it means he or she meets the strict professional requirements for membership in the Institute of Management Consultants, the certifying body for the management consulting profession.

Founded in 1968, the Institute is the outgrowth of combined efforts by the principal associations and societies in the field to establish management consulting as a self-regulating profession.

The Institute has established the following criteria for the designation of CMC:

At least five years experience in the full-time practice of management consulting, including one year with major responsibility for client projects.

Provision of six references, three of them officers or executives of clients served during the past five years. The references are thoroughly investigated to assure that the client relationships were satisfactory.

Provision of written summaries of five client assignments (disguising their identity) in which he or she played a major role. One expanded summary must describe in detail the nature of the consulting problem, purpose and scope of the assignment, the analytical approach, solution recommended and results achieved.

Successful completion of a qualifying interview demonstrating competence in the areas of specialization, application or experience and understanding of the current state of the art, as well as the ability to communicate knowledge of and commitment to the IMC Code of Professional Responsibility.

Pledge to abide by the IMC Code of Professional Responsibility which includes an obligation to place the client interest ahead of the consultant's; to guard the confidentiality of client information; not to take financial gain from insider information; not to serve two or more competing clients on sensitive problems without first obtaining their permission; to inform the client of circumstances which might influence the consultant's judgment or objectivity; to confer with the client adequately prior to acceptance of an assignment; to accept only assignments for which the consultant is qualified and which will provide real benefit to the client; and to agree on the fee (if possible) in advance, not accept commissions for referrals or recommendations for equipment, supplies or services.

A bachelor's degree from an accredited college or university or five years of managerial or managerial consulting experience in addition to the basic five year consulting experience requirement.

The Associate Membership program of IMC offers newer consultants with little or no consulting experience the opportunity to join the Institute, as an Associate under the sponsorship of a CMC. Successful completion of the IMC Study Program allows them to become full members after three years of consulting experience. Part of the requirements include participation in a three-day seminar.

Comment: One can hardly argue with the purposes and objectives

of the IMC program. The ethical standards established and objectives are laudatory. These kinds of self-regulation efforts, however, are only as good as the people involved. I have never heard meaningful criticism from any source about IMC. To be effective, the capabilities of the regulators must be strong, they must implement the policies of the regulatory organization without political or other bias, and they must police. If they fail to remove members who do not maintain the established standards they destroy the benefits for which they were founded and on which they operate.

What are the marketing benefits of CMC? I must confess that I have never found a client who was concerned with my membership/lack of membership in IMC. In a survey which I conducted with 211 management consultants, I found that only 44 found it to be an important issue with their clients. It is likely, however, that concern about official designation will grow in the future.

BENEFITS OF PROFESSIONAL SOCIETIES FOR CONSULTANTS by Dr. Linda B. Nilson

A professional association provides:

Referrals, communication, information. An association holds national and often regional meetings, publishes timely communiques and maintains current mailing lists. All provide excellent opportunities for networking, sharing technical and marketing advice and disseminating all information relevant to the profession.

Public relations. An association can market for all of us by publicizing our services and concerns through press releases, a speakers bureau and public documents.

Group benefits. An association can contract a variety of fringe benefits for us at group rates (but on a voluntary basis): professional and business liability insurance; personal medical, accident, auto and life insurance; pension plans, and travel discounts.

Research. By keeping abreast of the status of the profession, an association can often locate and forecast the best consulting opportunities by region and specialty, as well as research marketing strategies. It can also study the potential impact of any pending legislation and the resultant economic trends which may affect our businesses.

Representation. If any corporate or public policy is proposed for or against our interests, an association can lobby on our behalf.

It is also our means to actively propose policy we need (e.g., more effective bill collection procedures).

Self-regulation, quality, supply control. Before some outside party tries to grab the helm, we had better get all hands on deck and learn to steer our own ship. It may be premature to consider examining boards and licensing requirements now, but we should soon arrive at some common understanding of how much training and/or experience qualifies an individual to consult in different areas. We should familiarize all our colleagues with standard contract forms and strategies, methods of fee determination and small business basics--all practical bases for examining and licensing new recruits across specialties, should we decide to pursue this route. Finally, we should officially codify our ethical obligations to our clients, the public and each other. This won't change our current relationships with clients, since our commitments to them are already contractual. But new codes should be devised to foster greater mutual cooperation among ourselves and to illustrate our concern for the public interest. Every established or aspiring profession has a code of ethics with these features. Ethics reassure clients and cultivate legitimacy with the public. They are also our tool for weeding out the few ne'er-do-wells who will try to exploit our good name.

If these benefits sound impressive, they are all standard offerings of the stronger associations and unions. They can be yours for the asking if, as the old proverb goes, you pay your dues.

YOUR FIRST CLIENT

In general, the first client is no more difficult to attain than later clients. The seeming initial difficulty is more psychological than substantive in nature. Some considerations to keep in mind for both new and experienced consultants:

The potential client is not too concerned with the fact that you have had no prior clients. You will not be retained because of a long client list. Clients are interested in your track record of accomplishments. They are largely indifferent to whether the track record was established as a result of consulting experiences, employment or volunteer activities. Don't be concerned about not being able to give your clients and potential clients a long list of former clients. You should not provide such a list. Your clients and the work you have accomplished for them is a confidential matter. You are able to describe the nature of your experience and that is fine. For whom the experiences were undertaken or achieved is confidential. If you talk about the business of former clients the potential client will assume that before long

you will be talking about them. This does not preclude your providing the potential client with a list of references. The list may contain the names of former clients; but there will probably be a number of other persons' names found on this list too.

One of the very best ways to come up with new clients or first clients is to tap and serve the needs of former business contacts and associates.

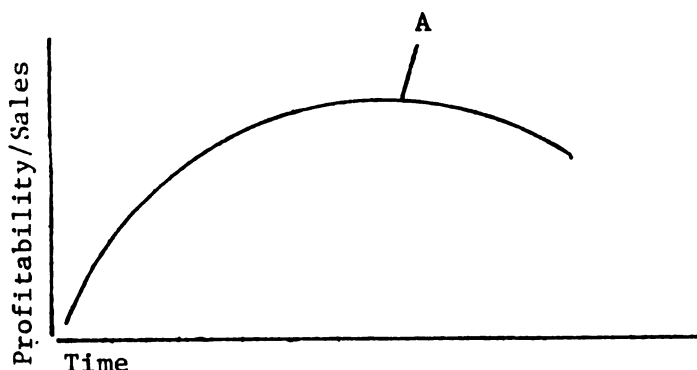
SUCCESS IN CONSULTING

Success in consulting is a product of four different factors:

1. The consultant having a marketable skill.
2. The consultant understanding the opportunities available in the market or environment in which the consultant operates.
3. The consultant knowing how to market effectively and being comfortable in the role of marketing; and
4. The consultant being able to manage the consulting business which is obtained as a result of the marketing efforts undertaken.

In economic times such as ours, we need to emphasize the subject of practice management. My years in business have resulted in several important lessons. The importance of these lessons cannot be sufficiently stressed. THEY ARE THE MOST IMPORTANT LESSONS THAT A PERSON IN BUSINESS CAN MASTER. In this regard, there just may be some gems here that you can teach your clients.

LESSON NUMBER ONE: THE IMPORTANCE OF UNDERSTANDING THE PRODUCT OR BUSINESS LIFE CYCLE. Just like people, businesses or products have a life cycle. Businesses go from infancy, through childhood, on to maturity and finally to old age. Visually, this appears as follows:



Until point A is reached in the business or product life cycle attention should be directed toward creating sales, not controlling costs.

No business, at any stage of its life, can forget cost control completely. But too many business managers become overly concerned about cost control in the early life stages of the business when they should be directing their attention to the creation of revenues.

Time should be expended up to point A in making sales grow, not worrying about the fact that costs could be controlled more effectively. Reason? More and greater profits will be achieved by increasing sales than by cutting costs. The rapid growth in the life cycle comes in the early years of the business when planning is less institutionalized and organization the weakest.

Beyond point A and most particularly when the curve turns downward, emphasis should be shifted from marketing to cost control.

LESSON NUMBER TWO: THE CURSE OF ACCOUNTS RECEIVABLE. The extension of credit is most often a part of the business marketing mix. By extending credit, sales can be improved and profits increased. Sales are turned into assets: cash, in the case of cash sales; accounts receivable in the case of credit sales. Those persons who are responsible for producing sales should not be the persons responsible for the granting of/extending of credit. They don't always make the most prudent decisions.

Some businesses are run on balloons and mirrors. As long as the management is able to keep the delicate cash flow in some degree of balance they are able to avoid their appointment with disaster. But a slowdown in payments, a decline in sales, a customer failure can create disaster. They live on the thin edge.

Credit is a necessary and useful tool in marketing and sales. But too many firms use credit to obtain sales where sales don't really exist. By an easy extension of credit they create soft sales. Sales they really don't have.

LESSON NUMBER THREE: THE CURSE OF ACCOUNTS PAYABLE. If ever there were a curse of greater impact than the curse of accounts receivable, it is the curse of accounts payable.

Overextension of credit is one of the major reasons for business failure. Just as you can extend too much credit to your customers, those who sell you can do the same. They are anxious to sell you too. Their credit decisions are too often in the hands of marketing people not adept in fiscal management.

The creditors of a business can be its death. Credit is a convenience; a degree of leverage can be useful to increase the profitability of operations. Just as no business should have a customer/client who consumes so much of its output that the business becomes a captive of its customer, so too no business should become so indebted to its creditors that they collectively can take control.

A business should buy on credit when it has strong assurance that the normal course of business activity will produce cash flow of sufficient amounts to retire its debts in a routine fashion.

Credit should not be sought for speculative endeavors. Policies can and probably should be established for a business that limit the amount of debt and the nature of expenditures which should be financed through debt. Advertising and promotion serve as good examples. Many firms buy advertising or promotion on credit with the assumption that if the promotion works, is effective, they will be in a position to retire the debt. Too often, their promotional endeavors are such that success is not achieved. The result? Disaster.

LESSON NUMBER FOUR: BANKS LOAN MONEY TO PEOPLE WHO DO NOT NEED MONEY AND NEVER TO PEOPLE WHO NEED MONEY. Banks build those big buildings by being smart. They do not loan money to those who really need money; they loan money to people who don't need the dollars, but who for some reason find it more convenient to borrow than use their own dollars.

Of course, sometimes banks make mistakes. Most often, however, they are deceived--often by those out to consciously take advantage (See Lesson Five).

The real lesson here is that you should not look upon banks as a source of venture or risk capital. That is not their line of business. If you have money in one of their accounts and wish to have them put a hold on it and loan you some of their money at a rate of interest higher than they are paying you, that is their kind of deal. Or, if you have assets which can be converted to cash, they will loan you a percentage of the asset value.

But when you are in trouble, when you need risk or venture capital they will not lend you money except as specified in Lesson Five.

LESSON NUMBER FIVE: YOU CAN DUPE A BANK IF YOU ARE CLEVER, BUT YOU MUST BE SUCCESSFUL AT ONE POINT IN TIME TO ACCOMPLISH THIS RUSE. If you are successful in business or life and can convince the bank of this fact; and if this happens at a time when the bank

has a great deal of money to loan and not many people wishing to borrow this money, you can cause the bank to loan you a great deal of money.

If you subsequently find yourself in a less successful position and discover this before your banker notices (which is not too difficult) you can put the bank in a position it does not like. The position? You are in the driver's seat.

You owe the bank so much money they find it to their advantage to provide you with risk or venture capital as a means of protecting their initial investment. Sometimes they wind up putting good dollars after bad dollars but such is the possible outcome in the taking of risk.

LESSON NUMBER SIX: THE CURSE OF OVERHEAD. Despite the best efforts of all business managers, the tendency to create high overhead comes to pass.

As a business becomes more stable, the desire to purchase typewriters, rather than rent them; enter into longer term agreements; buy inventory in larger and larger quantities, etc., becomes strong. Not only will a few dollars be saved, but it serves as evidence of the fact that the business is there to stay.

As a business grows more and more people become necessary to produce its product or deliver its service.

More people results in a greater need to communicate, supervise, manage and control. The larger size and greater stability make the consequences of any action taken more important. Now, there are reputation and image to be concerned with.

Larger size and complexity make less time devoted to making decisions desirable. More things are written down, more binding policies are made. Actions are taken in a more grandiose fashion than was the case in the humble beginnings.

Records are kept for the mere purpose of keeping them.

The organization has become institutionalized and bureaucratized. It is fat with overhead.

Where risk was once small it is now great. A few, but a very few, have overcome this curse. They operate every day as though it were the last. All costs are kept as variable costs. Their dollar profit may be a little less, but there is less risk, too. They have true freedom.

CONSULTANT QUALITIES by Hubert Bermont

Basic qualities include:

Fact Consciousness. An insistence upon getting the facts, checking their accuracy.

A sense of relevance. The capacity to recognize what is relevant to the issue at hand and to cut away irrelevant facts, opinions and emotions which can cloud the issue.

Comprehensiveness. The capacity to see all sides of a problem, all factors that bear upon it, and all possible ways of approaching it.

Foresight. The capacity to take the long view, to anticipate remote and collateral consequences, to look several moves ahead in the particular chess game that is being played.

Lingual sophistication. An immunity to being fooled by words and catch-phrases; a refusal to accept verbal solutions which merely conceal the problem.

Precision and persuavensness of speech. That mastery of the language which involves (a) the ability to state exactly what one means, no more no less, and (b) the ability to reach other men with one's own thought, to create in their minds the picture that is one's own.

And finally, pervading all the rest, and possibly, the only one that is really basic: self-discipline in habits of thoroughness, an abhorrence of superficiality and approximation.

THE BURNT-OUT CONSULTANT by Dr. Theodore Kurtz

Although professional consultants may not want to acknowledge the problem in themselves, independent, self-motivated, high-achieving consultants are especially vulnerable to burn-out.

Burn-out can afflict the novice or experienced consultant. It can be a transient condition that comes and goes or it can progressively permeate the consultant's work and home life. In its mild form, the consultant may just feel "tired" or "on edge." In the more severe form the consultant can no longer function effectively since all creative pathways have been blocked. What used to be exciting and interesting becomes tedious and monotonous.

The good news, however, is that consultant burn-out is both identifiable and predictable. Therefore, it is also preventable.

WHAT IS BURN-OUT? Although a great deal has been written about burn-out in the past few years, it is a complicated phenomenon. Most classify burn-out as a kind of "combat fatigue" and the usual prescription offered is a change of pace and responsibilities following a well deserved vacation. This may well reduce the symptoms temporarily but unfortunately, episodes of burn-out are likely to repeat themselves, most likely, with increasing frequency. Although the usual advice may be well-intentioned, it may in actuality add insult to injury and add to the growing internal panic of the individual.

Burn-out describes a group of conditions which have the following in common:

1. A sense of emotional depletion.
2. A progressive loss in internal control.
3. A feeling of emptiness and loneliness in work and personal relationships.
4. A progressive near-sightedness and perceptual rigidity.
5. A sense of working harder and harder and accomplishing less and less.

WHAT TO LOOK FOR? Burn-out can be self-diagnosed by the professional consultant. Look especially for the following signs:

1. "I'm working very hard and not accomplishing enough and I'm angry at 'them' for putting all those obstacles in my path."
2. "If only they would do 'X', then everything would be fine." (The "if, then" hypothesis)
3. "I'm not really sure that I know what to do but I can't let anybody know that. I'm supposed to know what to do, what to say--all the time."
4. "I'm successful, well liked, and respected, but I don't feel it very much. I'm supposed to be happy and content--look at what I've accomplished--but I still don't feel like I ought to feel."
5. "How can they challenge or question what I say? If they don't follow all of my recommendations, let them find somebody else and I'll never work for them again."

WHAT CAUSES BURN-OUT? There is no one cause of burn-out. Many divergent forces can combine in different individuals. In all probability, though, burn-out has its roots in learned childhood attitudes and feelings. In my experience, I have noticed that the person prone to burn-out has been taught to believe that if they do what they are supposed to do (i.e., work hard and achieve well) then they will have to feel good. They believe that there

is supposed to be a consistent, direct positive correlation between external achievement and internal harmony and well being. Generally, I have found that what one "did" was more valued than what one "felt". I think that the discrepancy between what one expects to feel and what one does feel is one of the originating factors in burn-out. Interestingly, I have also found a curious paradox in the people I've worked with. They have been, without exception, individuals who are concurrently, extremely sensitive to others (clients, friends and family) and fairly insensitive to themselves. There is an inner demanding of themselves which seems to be insatiable. They may claim to be satisfied with themselves but at a deeper level are often punitive and self-critical.

WHAT TO DO--FIRST STEPS. There are a number of things the professional consultant can do should he/she find that they are beginning to experience the symptoms of burn-out.

1. First, try to recognize that burn-out may be a by-product of the high-achieving and self-motivated individual in our society. What may be required is the construction of a kind of catalytic converter that can process and vent the normal anxieties and tensions of trying to survive in a difficult world. If burn-out is, in part, the toxic emission of a high-compression, high-performance engine, then we may need to strengthen the exhaust system.

2. Try to take a few steps back. One of the results of burn-out is a perceptual myopia or near-sightedness. The burnt-out consultant cannot focus emotionally at different distances or in varying planes and can only see in the very near field. Although it may be difficult to do, it may be important to "sit in the audience" for awhile rather than continually running onto the stage to play out all your roles. From the audience, you'll be able to get a different perspective. If you must be on stage all the time, you'll be able to see less and less. Sit in the audience for awhile! You'll be pleasantly surprised at what you'll begin to see and at how you'll begin to feel.

3. Acknowledge openly that you are self-demanding, self-controlled and self-critical. You are. Accept it. Then take it one step further. Put it in writing. Write down all the demands you place on yourself and how you are controlled and self-critical.

4. Two alternative plans for dealing with burn-out are:

Plan 1--Plan to evaluate your tendency to burn-out. Attach it as a rider to other activities. For example, if you file your taxes quarterly, when you do so, automatically build in a self-evaluation for burn-out. Am I experiencing any of its symptoms

now or in the last three months? Let me recognize and do something about it, now.

Plan 2--Actively plan your professional practice at least twice a year, more often if need be. The danger here is that as we get busier, we have to react to all of the demands made on our time and energy. Plan. What kind of projects do I want to do in the next period of time? What conferences do I want to attend? What speeches do I want to make? What articles do I want to write? What kinds of projects do I want to refuse?

The idea here is to shift to the proactive from the reactive mode. Taking the time to plan will help you to sort out priorities, pace your energy expenditure, and give you an inner sense of mastery. If you are planning effectively, burn-out cannot take root.

5. Be realistic and optimistic. You are aware enough to know that you are heading for or are already in a state of burn-out and although you may feel depleted, you do have the internal resources and strength to deal effectively with burn-out. Turn the burn-out around. See it as an opportunity to learn more about yourself and as an opportunity to promote your own growth.

CHAPTER II.

THE FINANCIAL SIDE OF CONSULTING

TIME BEHAVIOR by Katherine M. Klotzburger

Your time is worth money. This is often quite difficult for those who move from a regular salary job to freelance to understand. Any salaried job begets its own familiar routine for most professionals and specialists. When the same activities are performed on your own, where your income depends on someone paying your bills, not on you picking up your weekly paycheck, you begin to learn that your time is worth money. Most people tell me it takes several long months to get used to this idea. But, when this idea finally sinks in, they find themselves with some changed thoughts about work and the way they work.

TIME BEHAVIOR. People who work on their own need to be very conscious of their time behavior. Ideally, you need to be better about being on time, not wasting time, and getting things done than your executive counterpart. The real essence of financial security when you work on your own is your ability to do effective work. Your hourly rate won't earn you a comfortable living otherwise.

To know how much to charge for your work, you need to understand what you accomplish with time--for yourself and your clients. Develop a personal time use analysis through self-observation by logging the time it takes you to do different kinds of tasks. If you're doing much the same kind of work on your own that you did for an employer, you can estimate your time from that experience. If you haven't yet gone into business for yourself, by all means, get a head start and develop a practical selling program that will produce the revenue you want by recording how much time it takes you to do your current assignments.

Count every last minute. Research. Planning and thinking. Meetings. Telephone calls. Yes, even false starts. Time everything from the start of the work right through to the completed project. Over a period of time you will become very good at estimating your own time, and I can think of no more valuable skill to have as a professional working on their own.

Once you understand where your time is going, your ability to do more realistic planning will be enhanced. But recognizing how long it takes you to accomplish something is only half the story. You also need to see if it is possible for you to increase your productivity. If you are going to get more done in less time, you are going to need to recognize your potential time wasters.

In the beginning, most consultants actually tend to take on too much work, thinking they can get things done in less time than it really takes. This often happens because they have failed to factor into their time forecast their own time personality.

Many consultants are guilty of time abuse--of letting time control them instead of putting time to work for them. Soon all they want to do is beat up time by attacking the nearest clock, when, in fact, it has nothing to do with their problem. It is their own habit of time misuse. Even women, who generally come from a tradition of time organization--that of the homemaker--and are known as good users of time, often fail to translate their skills from the home to the business world when they set themselves up as freelancers.

Time abusers tend to think that they will always be able to find time to do the work for which they have contracted. But they rarely do. And if they do find it, there never seems to be enough. For time is not elastic. It is a limited resource, like oil. There are 168 hours in every week, no more or no less. Time is the one resource that is equal for everyone. Some consultants may earn more money than others, but all consultants have exactly the same amount of time at their disposal.

Time use is not accidental. Thinking that you blew an assignment because of disorganization and procrastination, for example, but that it will never happen again so you can keep your workload at its present level is dangerous in the extreme. Your time personality is an ingrained way of behaving with time; and time misuse is just as tough a habit to break as smoking, drinking, or compulsive overeating. Until you are able to give your time personality the level of commitment to change required, it is better to take on fewer assignments, getting them done well.

Your time behavior--what you decide to do at any given point during a day--is relatively easy to find. What you have to do is determine how you have used time in the past. Take the matter of deadlines. Think back to your school days. When did you do your assigned homework? Term papers? The night before or soon after the assignment was made? When did you study for an exam?

Adults generally carry childhood time habits into adulthood and therefore into their work place. But they need not do so. Time behavior is not genetically determined like one's sex or hair color, but is, as I have said, based on habit. If you must change some of your time habits in order to use time better, it can be done. When you are self-employed, there are only so many billable hours possible to squeeze out of a week, or to sell in a year, but there are infinite possibilities for making each of those hours more profitable for you by getting a good mix of yourself (your time personality), your skills, and your work time.

MAKING TIME FOR TIME KEEPING by Robert McCord

Here's a method of time accounting that provides an up-to-the-minute feature, one most consultants need.

Up-to-the-minute records are important. In the course of half an hour, 1 to 20 activities can occur--phone calls, dictation, proposal outlines, etc.--that can be hard to recall at the end of the day, let alone at the end of the month. Consultants employed by some large consulting firms are issued a time/charges log which they are required to keep with them at all times and to keep current to within 2 hours. To ensure that currency, spot checks are made by the senior project consultants. Fines are levied for delinquent record keeping. Sounds kinda like the ol' fraternity pledge book but such diligence fills the bill--or, rather, the clients' bills.

But consultants practicing alone have no supervisor to check on them, no fines levied against their poor record keeping. They require a system that helps them check on themselves. Using two tools --a good pocket calendar and a versatile time recording system--consultants can do just that.

The calendar details how the consultant is going to spend his day. The time slips detail how the consultant actually spent his day. The difference can be slight or quite significant.

I'm an advocate of pocket calendars that have space for appointments, notes, "to do" lists, etc. So many of the business diaries available in business supply stores cram one week on to one page,

tell your horoscope, and give you cute quotes from Rod McKuen--hardly a set-up conducive to good documentation of daily activity. But products offered by Day-Timers, ExecMinder, and others provide the categories and space necessary for making a calendar a referred-to resource. You may even wish to design your own calendar to suit your particular needs.

After keeping notes on the back of my brochures, napkins, yellow pads, tops of newspapers and the like, I finally settled on a diary that gives me 2 pages per day. One page is devoted to appointment scheduling with increments of 12 minutes lined off. Phone calls I need to make between appointments, project deadlines, notes, items to be completed by day's end and ideas for articles and my newsletter are jotted down on the other, facing page.

Now, this system isn't a big deal if you're meticulously organized, have a wonderful memory, or aren't packing your days too full. But, if, like me, you're drafting a proposal in your mind while some kid is writing up your rental car contract, you need to make notes to yourself or else lose the thought process entirely. Or if a prospective client calls asking to see you today because he's leaving town tomorrow and you need to see where you can rearrange your schedule--then a reliable system needs to be near at hand. The key, though, is to use a calendar arrangement that fits you, and not to try making your methods and needs adapt to a \$1.95 diary.

Some consultants employ calendars as time and expense records as well as appointment keepers. Certainly, if such a method works, then it should be maintained. I have a couple of problems with this approach, however, because of some administrative drawbacks.

Running time and charges mixed in with the other information on the page could be difficult for the consultant and/or his secretary to decipher later on. But when is "later on"? It could be at the end of the month when the consultant surrenders his log to his aide who must then take on the sizeable chore of segregating billable time, non-billable time, client related expenses, non-client related expenses, and so on. Sure the chore is easy when most of the month has been devoted to one client or project. But what about those days of 26 fifteen minute phone consultations, 3 proposal writings, 4 client visits, etc. Sifting through the pile to get statements out in timely fashion could promote high secretarial turnover.

To get around that bog, other consultants have taken to dictating their activity as they go through the day. No pen, no

paper, no problems. Except one. Trying to find a particular item on the tape calls for someone actually listening to the whole tape, digging (can you dig with your ears?) through comments recorded chronologically, not by category or degree of importance. Such a process takes time and is not particularly efficient.

And how the recorder is used by the consultant can, believe it or not, affect client relations. One of my clients became ill at ease when he saw my dictator/recorder in my briefcase, fearful that I'd use it like a stop watch. Seems a previous consultant had the obnoxious habit of reaching for his recorder at the close of each session, and, with the client still present, would begin dictating time, charges, expenses, and follow-up action at once. The client became almost paranoid, afraid that he'd be charged for engaging the consultant in small talk about the weather or sports. Needless to say, the uptight client soon discharged this consultant and his "black brick." I made a point to dictate my report back at the hotel, keeping the recorder out of sight for the rest of the time.

During that time, and all other times, I, like many other consultants, accountants and attorneys, fill out time slips for each activity I perform. It can be tedious and a pain in the soft spot but it's made and saved me money and serves to provide me good practice management data. Here's how it works:

As the consultant gets set to prepare a policy manual for a client, he fills in the applicable information and code on the time slip, notes the time he starts and, upon completion, records the time spent on the project. He also enters appropriate expense items and notes. The annotation is made not only on the slip but on the day sheet over which the time slips are shingled in sequence. The slip is filed in the client folder (some forms companies provide cards to which the slips can adhere, making them easier to review and tabulate) and the time and charges are then quickly computed at billing time. Phone calls, audits, research, all are logged on the time slip, day sheet, client ledger.

What this does for the consultant is: a) By time slip--helps him charge for time spent on all client-related matters at the moment they're completed. Brief phone calls, review of financial statements, copying expenses--items small and not so small which frequently escape the tally sheet are now religiously recorded. Previously overlooked charges are made, income increases. b) By day sheets help him recap his day, comparing what he did with what his calendar indicated he would do. If the calendar calls for a 2 hour appointment and the day sheet reveals only 1½ hours charged out, where is the other ½ hour? To whom was it charged? In addition to itemizing his billable hours, the day sheet also shows

the consultant how much of his time was non-billable, spent as it was on marketing, administration, article writing, seminar planning, and the like. Such data has bearing on the consultant's fee schedule. And, c) by client ledger card, this method helps the consultant and his secretary compile timely records and statements with good documentation of work performed and money owed. Slips completed early in the project are on hand should questions arise later on. The consultant is not forced to recall what he thinks he remembers --the source document is right there.

These systems are available from companies like Reynolds and Reynolds, Safeguard and many other business forms outfits and can be custom printed if necessary to accommodate particular needs and specifications.

So, going in the consultant can refer to his calendar; coming out he can rely on a time and record system. Using the two and some discipline, this up-to-the-minute, check-on-yourself method of time keeping can put the consultant one step ahead of the poet. Poets, like John Keats writing on the never-changing scenes on the Grecian Urn, seek to capture time forever, to freeze it for us to ponder. Consultants should also seek to freeze time, recognizing that once it's gone, it's gone forever--and so are the unrecorded client charges that go with it.

ANOTHER TIME-KEEPING APPROACH

At one or more points in the course of the consultation you will be required to provide your client with an invoice for services delivered and direct costs incurred. This means that you will need to keep track of time expended. The best way to accomplish this is by means of a time sheet for everyone working on the consultation.

Prepare a form. Enter the days of the month across the top and list by name or number the various consulting projects which you have in-house. In your vertical listing include other categories of expense for which effort may be expended, such as marketing, administration.

Each day, you and anyone working in or with your consulting organization should complete the number of hours expended for the day in each labor category.

People have difficulty remembering with precision what they did just a few hours ago. Be sure that this is kept up daily.

At the end of the month you will be able to go back and add

up all of the hours expended on behalf of a client by you and anyone working with you. This will serve as the basis for the number of hours or days which you will charge the client. If you are working on a fixed price or fixed fee basis, it will serve as a measure of how well you are doing. That is, are you in an under-run or overrun situation.

Direct Expenses. As you receive invoices or make cash expenditures you should charge the appropriate consultation. Assigning numbers to consultations makes this task easier. Oftentimes, you will have an invoice which will contain charges for several consulting assignments. Your books of account or your check register should be set up to enable making such entries with ease.

To monitor costs it will be useful for you to keep a record of how costs are running. The status report form exhibited here will be useful for this purpose. If the contract you are working on is a fixed price, fixed fee or not to exceed contract, it is vital that you monitor costs to insure that you don't overrun.

PROJECT # _____

PROJECT _____

PROJECT DIRECTOR _____

DIRECT LABOR EXPENSE FOR PERIOD _____ TO _____

CHARGE	STAFF	AMOUNT

TOTAL TO DATE _____

DIRECT CHARGES FOR PERIOD _____ TO _____

CHARGE	ITEM	AMOUNT

TOTAL TO DATE _____

THE ART OF FEE SETTING

There is an art to impressing upon the client that fees charged are reasonable and just in relation to the professional services which have been/will be provided.

How do you make the fee charged acceptable to the client?

Communication is the answer. Frequently, in consulting assignments, the person who pays the bill for the consultant's efforts has not been meaningfully involved with the consultant during the engagement. The person approving the bill lacks appreciation for the many hours or days or efforts which have been expended to produce the results. The consultant must take pains to explain on a regular and consistent basis to key personnel within the client organization just what it is that the consultant is doing and the effort involved.

One technique which has worked well for me is the weekly or monthly status memo or interim report. This report need not be lengthy, but it should follow a format something like:

Date

Period of time this report covers

Status at the beginning of this report/period

Problems and difficulties encountered during this period

Anticipated problems and difficulties expected in the future

Summary of activities to be provided in the next period

If the person who will approve your invoice is not the key technical/management contact for you in the client organization, you should send a copy of the report/memo to the person who will approve your invoice as well as your principal contract.

Don't set up the situation where the person who will approve your invoice hears from you and about you on only two occasions--when the contract is signed and when the invoice is sent. Keep communicating.

Another benefit of this memo or report is that your technical contact within the client organization is regularly informed as to your activities and progress, and he may be able to provide some assistance in the areas of difficulty which you may encounter in the future. Doing such a report is a nice professional touch on your part. It will also help you to be better organized, anticipate problems, and do better planning.

One further benefit worth mentioning. If your contact is likely to encounter questions from superiors or peers that run

something like "What is that consultant doing, anyway?" he has a ready source of information to answer the questions. Don't underestimate the importance of statusing your client to enable his statusing of others.

Be sure to let the client know early in the assignment--and before the assignment has started, if possible--just what the fee is likely to be. Don't be afraid to talk dollars when necessary. Some consultants avoid talking money because they find such discussions difficult or embarrassing. It is part of your total involvement and it sets client expectations.

Another important aspect to the fee setting art is the frequency and size of invoices. Bill frequently. Many smaller bills are more likely to be paid than one or two large bills. Bill on time. Don't store up charges and don't be late in sending out those bills.

Your invoice should be fully explanatory. Let the invoice answer all questions that will be asked when it is received. What difference do "style alternatives" make"

1. If you address your invoice to Mr. Snurdley personally and he is away for a few days on business, it may be placed on his desk unopened for a few days which may delay your being paid.

2. Specify charges with full documentation. Eleven hundred dollars for the week sounds like a lot, but when the client sees what it is for, it does not look so bad.

3. Say when payment is due. Your contact with the client should specify when payments are due and when invoices will be sent, but it does not hurt to remind the controller or bookkeeper about the date. This person does not remember what it says in the contract. Most people, even your client's bookkeeper, will do what they are told to do, so remember to tell them.

4. A signed invoice reflects to the client that the invoice was not sent as an unconscious effort. It reflects that someone in your firm in a position of responsibility--you--looked at it and approved it.

DISCLOSING THE FEE TO THE CLIENT

Your fee for consulting services is what it is, but how you disclose the fee to the client provides an opportunity for great flexibility on the part of the consultant and can be most helpful in dealing with client reluctance with regard to risk.

Fixed Price Contracts

Fixed price contracts between client and consultant have two specific features: The consultant is obligated to perform at the agreed to price regardless of the costs which the consultant incurs. Second, the client is not obligated to pay anything to the consultant unless the consultant delivers that which has been agreed upon. In actual practice, however, clients often make partial payments for partial and/or incomplete work by the consultant.

Fixed price contracts usually involve progress payments with such payments being tied to the achievement of pre-determined milestones or in accordance with arbitrary predetermined dates. Technically, if a contract is not completed to the satisfaction of the client, monies paid in progress payments must be returned to the client.

The fixed price contract serves to limit or eliminate the risk to the client and puts all risk on the consultant. In return for this risk, the consultant will receive a greater profit than that estimated if the consultant's work is more efficient, more effective or more creative than the estimate suggested.

The key to success in entering into fixed price contracts is a precise and specific definition of the work or task to be performed and capability in making estimates. Either the client must reveal the specific tasks and assignment or the consultant must become expert in extracting information from the client to enable construction of a precise task requirement.

In the case of contracts with the federal government and most of the states, the consultant is required to keep working until the government-client accepts the result. A major advantage of the fixed price contract in government work is that the contract is not subject to controls on such things as labor rates, per diem rates, fees or subcontractors and similar such costs.

There are several types of fixed price contracts:

1. Firm Fixed Price Contract--A firm fixed price or payment for specified work which is not subject to change, adjustment or negotiation except formal negotiation which results from a change in the scope or character of work to be performed. All risk is with the consultant and the greatest opportunity for profit is made available to compensate for this risk.

2. Escalating Fixed Price Contract--Same as the firm fixed price contract except that it contains provisions for upward and/or downward adjustments of the fee on the basis of pre-determined

contingencies such as cost-of-living index. Due to high inflation in the current economic scene, this contract form is being used more widely as a protection to consultants engaged in extended assignments.

3. Incentive Fixed Price Contract--This fixed price contract contains what is known as "an adjustment formula" to reward the consultant for efficiency in the conduct of the consultation. A target cost and profit are established at the time the contract is signed and are subject to adjustment later based upon actual performance. Such contracts normally contain a ceiling price which holds the consultant fully responsible for costs above a certain pre-determined amount. If the consultant estimated costs on the assignment to be \$25,000 and desired a profit of \$5,000, the contract price would be \$30,000. If both parties agreed that additional expenses would be borne by client at a rate of 75% and by the consultant at a rate of 25%; and actual expenses were \$30,000 rather than \$25,000, the profit earned by the consultant would be \$3,750 rather than \$5,000. Profit is reduced by the 25% of the additional expenses which, by agreement, were the responsibility of the consultant. The client might also have placed a ceiling on allowable expenses. In this case, the consultant might be made responsible for all expenses in excess of \$35,000.

4. Performance Fixed Price Contract--This type is the same as a firm fixed price contract except that a provision is made for some special performance by the consultant which will produce a higher than contracted for profit. For example, the contract is for \$9,000; but if the consultant delivers the final output or product within 45 days of the date of the contract, the consultant will be compensated in the amount of \$9,750. An incentive for rapid delivery in the amount of \$750 is planted by the client as a motivation tool for the consultant.

5. Fixed Price Contract With Redetermination--This contract type is the same as a firm fixed price contract except that a provision is made which allows both the consultant and the client to redetermine or re-set the price to be paid by the client after the contract has been signed. This contract is best used when the nature of the consultant's task is so vague, so uncertain, so unknown as to make an estimate impossible or almost impossible. At the time the contract is signed a point in time or a milestone event is pre-determined, at which point the parties agree to a redetermination on the basis of actual cost and expense experience. By agreement, the parties determine whether the change in price shall affect prior work, future work or both. The contract is usually in the interest of the consultant who is working on some blind or unknown task for which costs may be much higher than anyone would have conceived. But, redetermination may be downward, too. If actual costs are a great deal less than anticipated, this contract may not be to the advantage of the consultant.

Time and Materials Contracts

Time and materials contracts result in the consultant being compensated for actual labor expended plus overhead, cost of materials and a handling charge for the materials. When a consultant works on a daily rate plus expenses, the contract is very close to a time and materials contract.

The time and materials contract serves to place all of the risk on the client and none on the consultant. As a result, consultants frequently prefer this type of contract relationship with clients. It is often advisable and indicated if the client is unable to be specific about the tasks to be performed. Most consultants find that experienced clients prefer fixed price contracts to time and materials contracts. Time and materials really provide an incentive to the consultant to be anything but efficient. The more time charged the more money made.

The consultant usually establishes a daily rate, hourly rate, weekly rate, etc. This rate combines the charge for labor (the daily, etc. labor rate) a charge for overhead and a charge for profit. The client is charged for the actual amount of time expended on the basis of the daily, etc. rate being charged. In addition, the consultant charges for all expenses (materials) in connection with the client's job at their actual cost plus a handling fee. The handling fee is most frequently a percentage amount added to the expense which is equal to the percentage of profit which is charged on labor.

Support services, for example--clerical assistance, are usually charged as an expense; but if the amount of such support services can be determined with relative certainty in advance they may be added into the daily, etc. rate. In such cases the daily rate is called a "fully burdened (daily) rate."

In one sense, time and materials contracts are fixed price contracts. The labor rates and overhead rates which are charged are fixed. But the total dollar expenditure by the client is anything but fixed.

Cost Reimbursement Contracts

Cost reimbursement contracts are founded on the basic assumption that the client pays all costs or the consultant ceases performance. These contracts tend to be used in situations where accurate estimates are improbable or impossible and where the cost accounting system of the consultant is adequate to enable monitoring by the client. For obvious risk factors, clients tend not to desire this type of contractual relationship with consultants. Where such contracts are utilized, clients usually expend substantial effort to insure an adequate system of surveillance so as to eliminate wasteful practices on the part of the consultant.

This general type of contract usually involves a determination of so-called "allowable costs." This concern is particularly important when the client is a government agency. Certain kinds of costs, for example--cost of capital, may be viewed by the consultant as a reasonable cost, and be viewed by the client as not allowable. When entering into this kind of contract, a clear pre-determination of what shall constitute allowable costs must be made.

A cost reimbursement contract is rarely appropriate in a price competition award.

There are several different types of cost reimbursement contracts in use:

1. The Cost Contract--The client agrees to reimburse the consultant for all allowable costs but pays no fee. This form is most widely used where the consulting agency is non-profit and where the consulting agency will learn technology that will enable it to profit in some future activities. It is also possible to have what is known as cost sharing. In this case, the client agrees to reimburse the consultant for a part or a share of the costs.

2. Cost Plus Fixed Fee Contract (CPFF)--The cost plus fixed fee (CPFF) contract is the most frequently used form of a cost reimbursement contract. Its popularity in general consulting developed as a result of its widespread use by the Federal government. The client and the consultant agree on the total estimated cost of the consultation or project and further agree as to the allowable fee or profit to be earned by the consultant over and above these costs. If actual costs are lower than those estimated the consultant will earn a higher percentage fee on the costs. If the original cost estimate was \$100,000 and the fee \$20,000, a total consideration of \$120,000 to the consultant; but if costs only run \$90,000, the rate of return on costs earned by the consultant will be 22% rather than 20%. If costs are higher than estimated, however, the consultant does not earn any additional fee and the rate of return will be less than that estimated.

The theory behind the CPFF is that the consultant will be motivated to keep costs down and earn a higher percentage return. In actual practice, however, this is not always the case. The consultant is largely assured of reimbursement for all "allowable" costs and is normally not required to spend funds in excess of the agreed upon amount, even though the project or consultation has yet to be completed.

3. Cost Plus Incentive Fee Contract (CPIF)--The CPIF is similar to the CPFF but is designed to provide greater cost saving motivation for the consultant. Rather than a fixed fee, this contract form has a minimum fee and a maximum fee. The minimum fee may be

negative or zero. In short, the consultant is rewarded by a greater dollar fee if the costs incurred are less than the estimated target and receives a smaller fee or no fee if the actual costs are greater than the estimated target. Frequently, CPIF contracts involve multiple incentives: an incentive based on cost efficiency plus an incentive based on completion, etc., for example. As with the CPFF, the CPIF can involve cost sharing.

Consider the following possibility. The target estimated cost on the project is \$10,000 and the target fee which is negotiated between the consultant and the client is equal to \$2,000. Further, the parties agree to share costs in excess of target costs on a ratio of 70/30. That is, the client will be held responsible for 70% of the costs in excess of the target and the consultant for 30%. In addition, the parties agree that the consultant will receive an incentive equal to 25% of the value of any cost underrun. Now, if the actual costs on the consultation or project are equal to \$7,000, the consultant will receive the \$2,000 plus 25% of the \$3,000 underrun or a total of \$2,750.

Had the costs been \$12,000, the consultant would have been responsible for 30% of the cost overrun of \$2,000, some \$600 which would have been deducted from the profit of \$2,000 yielding a profit to the consultant of \$1,400.00.

While each party attempts to obtain an advantage during the course of contract negotiations, the theoretical concept on which a CPIF contract is based is that the probability of either a cost overrun or underrun is equal.

4. Cost Plus Award Fee Contract (CPAF)--This contract is a cross between the cost plus fixed fee and the cost plus incentive fee contracts. It was first used in the Federal procurement process to handle technical procurements of a nature which were too difficult to estimate to provide a reliable basis for contract negotiation. The CPAF is very much like the CPIF except that the awarding of the minimum or maximum fee is on the basis of an evaluation, often by an external and independent person or group, as to how cost effective and compliant the consultant was. There is no requirement that the evaluation take place at the end of the contract. Often, evaluations are scheduled on a monthly or quarterly basis. One advantage of frequent evaluations is that they provide feedback to the consultant which may enable performance more in line with the client expectations and thus result in the earning of a higher fee.

Retainer Contracts

While the term "retainer" is used in a variety of different ways, the classical usage of the term implies an open ended type of agreement between client and consultant to make the consultant

available to the client for a specified amount of time or scope of work. Usually, additional work is billed out at some pre-established hourly or daily rate. From the vantage of the consultant, the retainer contract only makes good sense when the consultant is able to predict with strong accuracy the amount of time which will be spent in meeting the client's objectives. In the absence of a strong sense about the amount of time, the consultant is largely limited to the retainer agreement which simply guarantees that a certain amount of hours will be expended on behalf of the client. From the client's standpoint a retainer agreement is of value because the client has the ability to tap quickly and with ease the specialized talent of the consultant without a great deal of formality in the engagement process.

The use of an Availability Retainer Agreement has become more common in recent years. This is a special type of retainer in which the consultant simply makes himself/herself available in the event that the client needs the consultant's services. The consultant agrees to reserve a specified block of time for the client in the event of need. As this reduces the time flexibility of the consultant, the consultant is rewarded a portion of the value of the reserved time. Most often this amounts to a sum of between 20 and 30% of the value of time.

DAILY RATE VERSUS FIXED PRICE CONTRACTS

Slightly more than 44% of all consulting contracts are completed under terms where the consultant is compensated for actual time expended plus direct expenses. Most of these consultants have established either a daily or hourly billing rate, or both. These billing rates include salary, overhead expense and profit. An additional 33% of the consulting contracts are completed under terms of a fixed price agreement where the consultant establishes a fixed price including salary, overhead, direct expenses and profits for which the consultant will be compensated to complete the assignment.

There are certain consulting situations which preclude a fee based upon a fixed price contract. Those consultations in which the consultant is unable to estimate with accuracy the labor involved and/or the direct expenses to be incurred should not be consultations where it is reasonable and likely that the consultation could be conducted on a fixed price contract.

One advantage of the fixed price contract is that most clients prefer to pay for services on a fixed and certain basis rather than on a time and materials basis.

Yet, many consultants prefer to work on an hourly or daily rate basis. Why? It eliminates the requirement that the consultant take risk. If estimates are in error the client will merely pay for more

(or less) days and actual direct expenses. With the fixed price contract, of course, it is the consultant who takes the risk.

Is the fixed price contract or the daily (hourly) rate more profitable? The research indicates that despite the additional risk the consultant assumes in working fixed price, the payoff can be substantial.

Looking just at profits of some 76 consultants, with whom in-depth follow-up analysis was conducted, it was found that profits of those consultants working exclusively on a fixed price basis were 87% higher than those consultants working exclusively on a daily (hourly) rate basis.

When profits and salary were added together, it was found that the fixed price group had profits and salary which were 95% greater than their daily (hourly) rate colleagues.

For those consultants utilizing both daily (hourly) rates and fixed price contracts, it was found that profits were 32% higher and profits and salary 36% higher than those billing clients exclusively on a daily (hourly) rate basis.

It is interesting to note that of those consultants working exclusively on a fixed price contract, it was reported that costs exceeded estimates in only 24% of the consultations. Among those working both fixed price and daily (hourly) rate, actual costs exceeded the estimate used for determination of the fixed price in only 12% of the consultations for which a fixed price basis was utilized. This would seem to reflect that the more difficult estimates or more risky contracts were undertaken on a daily (hourly) rate basis.

When asked if these situations of cost increase over original estimates were functions of poor estimating or poor management, more than 73% of the exclusive fixed price group and 59% of the fixed and daily (hourly) rate group reported that poor estimating was the cause.

This certainly reflects the need for assistance in estimating the costs of consultations.

This assumption seems particularly reasonable when you consider how consultants working exclusively on a fixed price basis evaluated themselves relative to ability in estimating. Of those who ranked themselves as very good at estimating, costs exceeding original estimates were evidenced in only 14% of the cases. For those who evaluated themselves as being not very good in estimating the percentage was 29.

ESTIMATES AND THE FIXED PRICE CONTRACT: HOW TO DO IT

The fixed price contract is usually more profitable than the daily rate/hourly rate contract. Yet, many consultants avoid the fixed price contract because of the risk that they will be wrong in making an estimate. We suggest an approach for making estimates that will serve to reduce the risk and increase the confidence of the consultant in working with fixed price contracts.

1. The secret to success in making solid estimates is to break the job to be done (the project) down into its component parts. How precise or specific the breakdown should be is a function of your skill in making estimates. At first, to insure accuracy and peace of mind, the breakdowns will likely be more precise and specific. Later, the effort will be more general and broad.

2. Let us assume that the client requests you develop and implement a training program for branch offices on the selling and maintenance of its products and you decide that it will be in your best interest to work fixed price.

3. Your first task will be to plan the project. My suggestion is that you begin with the development of a pictorial of the project, probably in the form of a Functional Flow Diagram. That is, specify all of the sub-activities which comprise the consultation or project. If you are preparing a written proposal for the client which will contain an FFD, it is very probable that the FFD which you use to make your estimate will be more detailed and specific than that which you give your client.

4. Let us assume that you have completed the FFD and the result is a list of project activities which might look like the following:

Determine trainee information requirements

Assess competence of trainees relative to information requirements

Develop training objectives

Select indicators/measures that insure objectives have been met

Determine training requirements

Formulate training outlines

Create training agendas

5. If you have done similar projects before, this may be a sufficient level of detail to enable a good estimate to be prepared. If you have not, however, each of these FFD or project components must be broken down into greater detail.

For example, the first, determine trainee information requirements, might be broken down as follows:

Develop management interview guides

Create branch office survey instruments

Conduct test of face validity for interview guides/survey instruments
Modify interview guides/survey instruments
Conduct interviews of management personnel
Administer survey instruments to branch office personnel
Analyze data
Test data and develop conclusions
Write preliminary findings report.

This would usually be sufficient in terms of level of detail to enable you to make a solid estimate, but if it still seems a little broad, you can go to a more basic level of detail.

For example, the second, create branch office survey instruments, might be broken down as follows:

Determine type of questionnaire to be used
Select questionnaire items
Develop scales of measures
Write questions to be utilized
Develop survey instrument shell

You continue to break down the project until you feel your ability to assess the amount of time and direct expense which will be required for each component is comfortable.

6. At this point you turn to a bid sheet. It is a good idea to keep a stack of blank bid sheets on hand to be used whenever you price a project. Each function of the project is listed and the following costs are calculated for each:

Direct Labor: You may create several labor categories should you desire.

SR.= Senior Consultant(s)--Note the daily labor rate is \$210

JR.= Junior Consultant(s)--Note the daily labor rate is \$140

CL.= Clerical Personnel--Note the daily labor rate is \$45

ART= Drafting Personnel--Note the daily rate is \$50

In making the estimate, you calculate the number of days (or hours) which you expect to utilize by each labor classification to complete the specified function.

Direct Expense: List all of the typical direct expenses you would encounter in undertaking this project for the client. Some typical expenses are auto mileage, telephone calls (long-line or message units) postage, etc.

For each project activity or function, calculate the number of dollars of expense which you expect to incur for each category of expense specified.

7. Once you have completed your bid sheet you are now ready to calculate the total fee which will be charged the client. We now know

the cost of the direct labor. At some previous time we will have calculated the rate of overhead we charge on direct labor. If we have broken our project down into sufficiently fine segments and we are confident of our overhead charge, we should be quite confident in telling our client how much the job will cost.

8. One of the major advantages of this approach to setting your fee is your ability to be flexible with the client. Let us assume that you have presented your proposal to the client, who likes everything about it except the total fixed price. Your client informs you that the budget for this training program is only \$32,000. Your bid was for \$34,988. Probably the worst thing you could do would be to say, "OK, I'll do it for \$32,000." Were you to say this, you would instantly communicate to the client that there is at least \$2,988 worth of fat in your estimate. You will be far better off to return to your bid sheet and identify some relatively less important items which could be cut from the project to bring it into the budget your client is prepared to spend. Then, go to your client and say, "If we eliminated the testing for face validity of the questionnaire and survey instruments and cut down the follow-up training to two days rather than three at each branch office, we could do the project for \$32,000." Now the decision is with your client. It is quite easy to make such changes when you have done a good job of estimating and preparing a bid sheet.

9. In the larger consulting practice where a number of individuals will likely contribute to any given project, it will be a good idea to perhaps build a bid sheet through the joint efforts of several individuals. The person who will be responsible for the components of the project should usually bid it. Caution is urged, however. One person, probably you, should maintain coordination and control over the efforts of the individuals bidding. You wish to insure that those responsible for bids don't pad their estimates and the estimates of others resulting in your fee or price being unrealistically high.

DO YOU REALLY WANT A RETAINER?

To most consultants a retainer means a long term contract that pays them a flat amount each month to do some activity for a client, or to be on call to that client in the event that something needs to be done. But there is a vast difference because these two kinds of activities and the risks are quite different.

A time retainer is an agreement between client and consultant which specifies that the consultant will undertake some specified activity on a periodic basis (say, monthly) in return for a pre-determined fee. A time retainer is not an agreement that the client can

pay a flat monthly sum for the seemingly unlimited services of the consultant. And yet, all too many consultants are willing to give the client almost unlimited service for a thousand or two thousand a month. The rationale is easy to understand. It is an insurance policy in the same sense that full-time employment is an insurance policy.

This arrangement breaks down because the consultant comes to feel that he/she is under-compensated. The client demands too much for the fee being paid. Yet they keep quiet, not wishing to disturb the insurance policy. The result: Consultant cuts corners to get back to a fair amount of work for the fee paid. The impact is usually a breakdown in the quality of client-consultant relations and client dissatisfaction with the work being performed.

Far better would be an up-front agreement to do one of two things: 1) a specified scope of work for a specified fee; or 2) a specified amount of clock hours/days for a specified fee.

The only reasonable retainer in this situation is an even exchange and not an "anything you want" situation. A defined service on a periodic basis is the norm and one which a consultant can reasonably estimate. For example, suppose that the task to be performed by the consultant is to train all new sales personnel in product competition. A consultant analysis suggests that, based on anticipated sales, production capacity, turnover rates, knowledge of new sales personnel, etc., will be required four days per month effort by the consultant, month in and month out. Now, if the consultant were to value time at a daily billing rate of \$400, the retainer could be set at \$1,600 per month.

If the amount of time to be expended is variable in nature, the retainer can be tied to the clock. Suppose the client's technical staff needs high level engineering data and resource to meet the requirements of specific customer applications. It is unknown to both you and the client how much such help will be required. You figure your time at \$50 per hour and agree to provide the client with 40 hours a month of such time for a fixed amount of \$2,000. If the client only needs 30 hours you still get your \$2,000. If the client needs 50 hours in a given month you will collect \$2,500. You agree in this case to provide your services, as required, up to 40 hours a month for \$2,000 and to charge \$50 per hour for services rendered in excess of 40 hours.

The client is well aware of what he/she is getting and the consultant does not feel as though he/she is being taken advantage of. In this case, the retainer is a smart idea.

Another kind of retainer that may be in your interest is the availability retainer. Here you simply are paid a fee for being

available if needed. The fee is usually some place between 20 and 30 percent of the value of the time you agree to make yourself available for. For example, the client wants you around, in case of need, to deal with OSHA should the company be investigated. You agree to make yourself available and provide all services required up to five hours a month for \$200 per month. If more than five hours are needed you bill out at some specified rate.

This is particularly good for those consultants who do a great deal of telephone work for clients answering short questions or rendering opinions to assist the client with decision-making.

INVOICES FOR CONSULTING SERVICES

The type of contractual relationship and the way you plan to charge for your fees and expenses should be taken into account during the marketing stage and certainly by the time you are ready to develop and negotiate the contract for services. If you will be working with the client on a fixed price contract, the contract should state with precision the dates and amounts of all invoices which will be submitted to the client. You may also wish to include in the contract the terms of payment: such as: "All invoices submitted will be paid in the net amount within 30 days following receipt of the invoice by _____. " If you are working with the client on a daily or hourly rate (time and materials) contract, you should state the frequency with which invoices will be submitted and may wish also to indicate the terms and conditions for payment. The contract should specify how expense reimbursement will be handled during the consulting assignment and provisions for pre-payment of expenses, if any such provision is expected, also should be noted.

Taking some time to deal with the issue of the invoice at the time of contract negotiation will serve to inform your client that payment of your fee is an important consideration which requires attention on the part of both parties. It also serves to set expectations clearly and improves client/consultant communications.

Give Careful Thought to When Invoices Will Be Provided to the Client.

Invoice schedules are important just as payment dates of invoices submitted are important. When you send and receive payment on your invoice will have important consequences for practice management. The invoice may be sent at periodic, arbitrary times as agreed to by you and your client or you may time the sending of an invoice to the achievement of certain milestone events that will occur during the course of your consultation or project.

In either case give consideration to an often-used practice--ACCELERATED INVOICING. This is the practice of causing the client

to assume that the early activities in the course of the consultation are more involved, detailed and time consuming than the later tasks in the consultation. Such a line of reasoning gives rise to justification for asking the client to provide a greater part of the fee or budget during the earlier stages of the consultation.

THE WORDING FOR THE INVOICE: FIXED PRICE CONTRACTS AND DAILY/HOURLY RATE CONTRACTS

Fixed Price Contract--Usually, but not always, there will be more than one invoice in the case of the fixed price contract. That is, a schedule for invoices (which should be reflected in the contract) has been established. The invoice normally includes the following information:

Name and address and telephone of consultant

Person and client organization to whom invoice is being sent

Date of invoice

Period of time or description of tasks which invoice covers

Invoice number, if any

Terms and conditions of payment

Name of person to contact in the event of questions

Signature of authorized agent/person, if desired

Daily/Hourly Rate Contracts--All the same information provided for the fixed price contract invoice is needed for daily/hourly rate contracts, too. The latter is more involved because it should contain a description of time expended on behalf of the client as well as a description of the expenses.

QUESTIONS AND ANSWERS REGARDING FEES

Question: I recently made a proposal to a client for a fixed price of \$7,200. The client said that he liked everything I proposed but he could only pay me \$6,000. I agreed to do the job for \$6,000, but he did not give me the contract to do the job. Did I do something I shouldn't have?

Answer: There are, of course, many reasons why a client might decide to not retain your services, even when everything, including the fee charged, seems right. But when a client tells you that you want too much money and you respond that you will do it for less, the client is likely to think that there is \$1,200 worth of fat in this contract. You stand a greater probability of having the client respond in the negative because you have lost credibility with the client. A far more appropriate answer to the client who says "it's a great plan, but I only have a budget of \$6,000" is "I can conduct your study and provide you with the personnel manual for \$6,000, but you should understand that it will be necessary to cut down on the study to only include..." Cause your client to see that he/she can buy at any

price (above a minimum floor) but if less money is available, less of a product or outcome will be the result. This places the decision back in the hands of the client. You remain flexible, able to serve at a variety of different levels of response, but the decision as to how complete a job the client gets is a decision the client has to make.

Question: I am experiencing some difficulty with prospects about my fee. I quote \$100 an hour and they balk. What am I doing wrong?

Answer: If you are experiencing difficulty with getting your fee accepted by prospective clients it may have more to do with the way you are coming across about the fee than the actual dollars being quoted.

My hourly consulting fee is \$150. I have no difficulty or embarrassment in communicating this fee to clients. Why? Because I have so many options as to what to do with my time, that consulting at a lower fee would not be in my interest.

If a prospect tells me that my fee is too high, I am happy to get off of the phone and get onto something which is more productive.

When the client realizes that this is my attitude--that I cannot be had for less--I'm in control of the situation. If they want me this is what they are going to pay. If they think the fee is too high then they can find another consultant. Were I simply trying to extract a high fee for services that I would be willing to offer for less this would be obvious to the client too. They would want to bargain with me.

Question: I have difficulty getting one client to sign and return my letter of agreement contract. How can I get the contract signed and returned?

Answer: Find a bad guy. You don't want to pressure the client, because he might think that you don't have confidence in his word. So put the blame on a third party like your banker. Consider saying: "These contracts are a ridiculous and unnecessary matter between us, but we do have some loans at the bank, and one of the requirements for us is to place in their files a copy of all of our contracts with clients. Could you help me out and get the banker off my back by getting that contract back to me by Thursday?" It works.

Question: I find the need to raise fees. Any techniques you would suggest?

Answer: Increasing fees is necessary and expected. Prices, these days, are always on the increase and this is a help to you. The thing to keep in mind about increasing consulting fees is that the increases should not occur too frequently. You don't want to create

the impression that every time your client turns around your fees are up again. Limit your increase in fees to once a year, at most twice a year. Thus, your increases should be sufficiently substantial when they are raised to last six-twelve months. Informing regular clients by letter about 90 days in advance of a fee increase will serve ample notice for client planning and will spur those thinking about making use of your services to get down to business now rather than wait. When informing clients that fees will be increased it may make good sense to provide a letter with a justification of why fees are being increased. Point out all of the factors which have given rise to increased costs: rent, utilities, secretarial assistance, increased self-employment taxes, etc.

Question: We are troubled by the fact that only about 20% of the contracts on which we bid are accepted. This requires a great deal more proposal work than we would like to be involved with. Some of our customers have told us that our prices are very high. Our labor rates and overhead are in line with the competition. What do you suggest?

Answer: Depending on competition and the nature of your clients, a 20% capture ratio might be quite good. But, let us assume that it isn't. And it surely isn't if you have strong evidence to believe that your competitors are enjoying a higher capture rate.

One of the problems I have observed in situations such as yours is that fees quoted clients are inflated due to padding the estimate. That is, one of your staff members estimates a part of the project to come up with the fixed price bid. A second staff member, who will participate in this area of project responsibility, is asked to provide an estimate to the first staff member of the amount of time he will spend and this estimate is used by the first staff member in developing his estimate. Feeling that the second staff member may be "light" in the estimate given, the first staff member pads it a little. Then it comes to you and you feel that the first staffer may be "light" so you pad that estimate. This is called the creeping pad. Before long, what was to have taken 7 working days to accomplish has been increased to 12 because everyone feels that the prior person has not added in any slack.

There is nothing wrong with padding estimates to compensate for the "poor" estimates of others, but one person should be charged with the responsibility for padding. If not, you can seriously overprice your services without realizing you are engaged in the creeping pad.

Question: I have not been too successful in getting many advance payments. I usually request a 25% deposit, but probably only get it about 10% of the time. Any suggestions?

Answer; In most cases, getting part or all of your fee in

advance is a question of whether you or your client has the upper position in the intimidation game. If you can cause your client to be left with the impression that unless an advance payment of the specified amount is made the service will not be performed, you will get advance payments. All too often consultants give the impression that getting the job is of more importance than the terms and conditions of payment. This is usually true, and while the consultant may be paid later than desired, the consultant does get paid. As long as the client feels this way you won't get money in advance. The trick then is to communicate your payment requirements to the client as unconditional. This really works. I discovered it several times when my motivation was to get rid of a client by demanding payment in advance for all work to be performed. I didn't get rid of the client, but I did get all the money in advance.

HANDLING EXPENSES

You have two ways of being reimbursed for your expenses while in a travel status on client business. You might opt for direct reimbursement. This requires that you constantly save receipts and document all expenditures. More common, per diem reimbursement: a flat amount per day and you spend it any way you like.

Government clients tie this amount to the dollars they allow their own employees, generally \$50. Many corporate clients opt to use the government allowables, too. It is convenient and easy for them to do so. Don't accept this policy or these amounts! If you do, you will not get your expenses covered.

The government has just released some new figures on which cities they will pay more than the \$50 for. (See GSA Supplement 11 to Temporary Regulation A-11.) Just look at what the government allows:

Washington, Philadelphia, Detroit, Las Vegas, New Orleans, New York ...\$75.
Chicago, Cook County, Houston...\$74.
Seattle and King County...\$72.
Cleveland, Ft. Worth, Dallas (city and county)...\$71.
Los Angeles (city and county), San Diego (city and county)...\$70.

This isn't much for a hotel room and three meals and associated incidental expenses. For example, I was recently in Portland, Oregon. The government allows a generous \$56 for the City of Roses. I stayed corporate rate, at the Portland Marriott. A good first class hotel downtown, but far from elaborate. Corporate rate, \$64. Breakfast and lunch are obtainable in the coffee shop for \$4.50-\$7. Dinner, no drinks, of course, goes for about \$9.-\$15. Assume meals with tip

for the day at \$28. Combined with the guest room charge, \$92. If Oregon had a sales tax, it would be near \$100.

In New York City you pay someplace between \$90 and \$135 a night for a standard, commercial rate, first class hotel room. Meals will be another \$25-\$40 for the day.

Set your own per diem and insist on it. While some corporate clients may have their employees travel at government per diem rates, the executives with whom you are dealing probably get a great deal more.

Determining a Fair Per Diem Rate

There are two situations with which you must deal. First is when you are away from your home base in a travel status and the other is when you are undertaking assignments on a local basis but returning to your home base the same day. In the case of travel, per diem should cover the following: hotel room, meals, public transportation at the local level, tips, phone calls and reasonable small expenditures like newspapers, shoe shine, etc. Because the cost of living is different in each locale, you may find it useful to have more than one such per diem rate. The main difference will be in hotel room cost and perhaps local ground transportation.

Ground transportation can fluctuate greatly depending upon mode of travel and the distance from airport to hotel, etc. It may be more appropriate to exclude local transportation and receive direct reimbursement for all travel expenditures. Even with per diem rates, such expenditures as air tickets, rental cars and the like are directly reimbursed unless they are added in due to the repeat nature of the travel locations. For example, if your client has you go to Chicago from Boston every other week for an entire year, it would be pretty easy to come up with a flat travel rate that would include such things as your air ticket.

When you are away from your office or the client's office on assignment but will return to your home base, the per diem rate will be different. Here, you must cover costs such as meals, phone calls, etc., but not hotel rooms and rental cars. Many corporations and government agencies and some consultants have developed sophisticated systems of payment based upon the number of hours away from the employee's/consultant's place of residence. One such system works this way:

- 0-3 hours...no payment of per diem
- 3-6 hours...\$5
- 6-10 hours...\$10
- 10-15 hours...\$15
- 15+ hours...\$25

In establishing a per diem rate it might not be a bad idea to talk to the client to determine what rate is being set for the client organization's key management and executive personnel.

Question: I am presently negotiating with a major aerospace corporation to provide engineering consulting services. I have agreed to provide my services at the rate of \$30 per hour and the contract which I will receive is to be a purchase order. The client will provide me with an office, secretary and all support services. My \$30 hourly fee is based upon \$17.50 for salary and \$12.50 for expenses. As my home is some 80 miles from the client's offices, I shall be taking an apartment near their offices to avoid the daily travel. Now I have been asked to justify the expenses of \$12.50 per hour. Can you provide me with some assistance?

Answer: There seems to be no problem with the salary you are requesting. \$17.50 per hour is \$140 a day or \$36,540 a year (on the basis of a 261 day work year). They seem to feel that this is within an acceptable range for your talents.

The problem, unless they are just playing games, seems to be with your expenses, particularly in light of the fact that they will be providing you with offices, secretary, etc.

It will be useful for you to think of your expenses in the following categories:

- Operating overhead,
- Fringe benefits,
- Travel expenses.

Let us deal with fringe benefits first. Most large employers will expect to incur costs of some 17-23% for fringe benefits over and above direct salary. In your case, this will be between \$5.10 and \$6.90 per hour just to compensate you for things such as health and life insurance, vacation, payroll expenses, sick leave, holidays and the like. Aerospace firms tend to have better benefits than most corporations, so let us assume a figure of \$6.50 per hour.

This now leaves you with \$6.00 an hour to justify.

Travel Expense. Aerospace firms often look upon consultants as employees that join their resource base on a slightly different basis than other employees. Thus travel time for hourly consultants and travel expenses are often not regarded as an expense the client should be required to foot. However, large corporations and many aerospace firms often pay for excessive travel. While there will be little interest in paying the expense resulting from your decision to take an apartment near their offices, it is not uncommon for such concerns to pay 17 cents a mile for all mileage in excess of 35 miles each way. In your case, this is 90 miles a day or a total of \$15.30. On an

hourly basis, this is close to \$2.

What about the other \$4.00 an hour in expenses?

Here is where operating overhead comes into play. Although all of the resources which you will need to complete the work assigned you will be provided by the client, you have a number of additional costs of business that will not be covered. It is for these expenses that the additional \$4.00 an hour must be charged. Among the expenses are: office rent (even if your office is in your home), clerical assistance required in the operation of your practice (as distinct from clerical help needed to complete client assignments), telephone, marketing, insurance, etc.

I am sure that these expenses run much more than \$4.00 an hour or \$32 a day. If anything they are probably getting a bargain at \$30 a day. Simply spell out these expenses in as great a detail as you can. \$12.50 an hour may seem high, but a dollar here and few cents there for normal expenses will seem reasonable.

One word of caution on operating overhead. They may not allow marketing expense as an allowable overhead expense. If they have a Defense Department contract, DOD may not allow marketing expense. If this is the case, they may not permit you to charge marketing. However, I am sure that you have ample other expenses and this won't be a problem.

TAX DEDUCTIONS

Educational Expense Deductions: A consultant may legally deduct educational expenses and mileage if they are directly related to his current work situation. I refer you to IRS code, section 212 and 164.

If, however, your tuition and books are for a new field of specialty you are studying to go into, you are not allowed to deduct the expenses incurred. For further information, I suggest you consult your accountant or tax attorney.

Dividing Income Among Family Members: One of the simplest ways a consultant can save taxes is by dividing income among family members. You shift income from your high tax bracket to the lower tax bracket of others. As with all tax concerns, there are a number of variables. But you should at least explore this with your accountant.

Deductions for Free Lectures: If you are incorporated and take a regular salary from your business, you can continue to pay yourself the salary while giving the lectures. If you have a professional employee, you could have him deliver the lectures and deduct the

salary paid during the period. If you are self-employed or a partner, you can't deduct the value of your services as a charitable contribution.

You are entitled to deduct all expenses you have incurred in giving the lectures for which you have not been reimbursed.

It is advantageous to have employees do the work. You can deduct the employee wages and continue to produce income with your own time.

Office-in-Home Deductions--Recent changes in the law have served to reduce but not eliminate the potential for office-in-home deductions. The deduction is still available to you and to employees who are required by the client or the employer: a reference to this fact should be included in the employment agreement/contract between the parties.

For those unable to qualify for a home office deduction, don't overlook deducting other direct costs such as telephone expenses. Another frequently overlooked office-in-home deduction (whether or not the space qualifies) is the depreciation on furniture and equipment used in that office.

HOW LONG DOES IT TAKE A NEW CONSULTANT TO EARN HIS FORMER INCOME?

These findings are based upon a 1981 survey of 365 consultants. To be included the consultant had to meet the following criteria: be a full-time consultant; be in practice for at least 18 months but not more than 24 months; derive at least 80% of income from consulting; and entered consulting immediately following the cessation of full-time employment.

The results?

Number of months after start of full-time consulting practice required to earn a pre-tax income equal to that earned in previous full-time employment: AVERAGE OF SIX MONTHS.

Number of months after start of full-time consulting practice required to earn a pre-tax income equal to 50% of that earned in previous full-time employment: AVERAGE OF 3.5 MONTHS.

Number of months after start of full-time consulting practice required to earn a pre-tax income equal to 150% of that earned in previous full-time employment: AVERAGE OF NINE MONTHS.

SAVING MONEY ON LONG DISTANCE CALLS by David Lichtman, Ed. D.

Would you like to place your coast-to-coast calls for as little as 8¢ per minute? Or dial direct from hotels and pay-phones without the usual extra charges? Thanks to new "alternative" long-distance telephone services, savings of up to 30-50% are possible. Using regular telephones in major cities, you dial and "access" the alternate non-AT & T network; enter the number you wish to reach, plus your authorization code, and the call is on its way.

These new systems are the result of a long legal process, culminating in 1978, when the US District Court of Appeals for the District of Columbia overturned an FCC ruling and permitted one of the common carriers, MCI of Springfield, Illinois, to implement a dial-access service through microwave and satellite lines. Each offers slightly different options, but all are designed to save you money.

Your first step in taking advantage of these alternates is to carefully determine your long-distance needs. Look at calling patterns, where you call, and how long your calls last. Analyze also how many long-distance calls you make while away from your office: particularly in situations where you might use a telephone credit card. Remember that basically the alternates are only useful in "metropolitan areas" and only interstate (although some limited services are available intrastate in California and Texas). Of course, even if you select an alternate, AT&T service remains available to you.

Once you have an analysis of your calling patterns in hand, you can begin to compare the alternatives and select the ones that offer you the most savings.

First, you will certainly wish to examine the services offered at AT&T and your standard local carrier. You may have overlooked their possibilities for saving money, such as WATS and RCF (remote call forwarding). Find out if your area is served by an ESS, electronic switching system, and if you can obtain such services as call forwarding and conference calling.

Now to the alternates. At the moment there are four (with Western Union planning to enter the fray momentarily). Each offers its own service areas and billing systems. To make really effective use of these alternates you will need to contact their service representatives and discuss your calling patterns. Be prepared to talk about installation fees, monthly service charges and minimum monthly payments in addition to the rate per call. Some services also bill you for a connect charge for each completed call.

In talking with representatives of the alternates, we learned

that most customer dissatisfaction was in two areas: less use volume than anticipated and frequent calls to areas not on their network. Comments have also been made, in some cases, about line noise and connection problems.

To make full use of an alternate system, you may need a portable acoustic touch tone dialer, a small device which provides touch tones from rotary dial telephone and pay phones. This will generally cost from \$70 to \$120 depending upon features (some even have a built-in calculator).

SO YOU WANT A COMPUTER BUT HATE TO SPEND THE BUCKS

With all of the talk about home and office computers we have too often forgotten about time share. A consultant visited my office recently with his portable terminal. After a quick connection to my telephone he was on line with an outfit called the Source (a division of Reader's Digest). With all of the usual business programs easily available, the Source also has a number of very interesting programs for consultants.

One edits your written communications, another helps you to find and correct misspelled words. You can also interface with Telex. The Source carries the New York Stock Exchange and UPI Newswire. Or, you can get a complete display of air schedules and even order your ticket. It also has a barter network.

Cost? \$100 one-time fee. You must also have a printer. Many, many choices, but you can get by for as little as \$700-\$1,000. The phone connection is at local call rates and you pay \$13.50 per hour for use time (\$8.50 at night). Worth investigating. If you are already in possession of a computer you can still add the Source.

HOW TO COLLECT RECEIVABLES by Thomas J. O'Malia

First and foremost, stay on top of receivables. A call once a month will do nothing but mark you as an easy company to be delinquent with. A minimum of weekly calls are necessary once the pay date is passed.

Secondly, make sure you adopt the old 3 for 2 rule. Simply stated it says you should demand, and get, \$3 against old invoices for every \$2 of new sales shipped.

Thirdly, ask your commission salesman and manufacturing reps

to accept a portion of the cash flow load. If they previously received full cash on sales then cut it to half cash commission on sale and half on collection. If they were already that then cut to 1/4 sale, 3/4 collection. More than the cash saved, you could get them to help with collection.

Fourth and last, set up a chronological collection file. Such a file is a simple listing of every conversation between collector and debtor.

By doing this you have a record of who has spoken to whom, when what was discussed and most importantly, what commitment and future steps were agreed upon. For example, "we never received your invoice" is never recorded and duplicates sent. A follow-up call confirms that invoices were received and now the important art of collection begins. The next series of excuses equally bite the dust. Among the favorites are: the check was sent last week, the bookkeeper left to raise a family and we can't make heads or tails of anything and finally, we never heard of you.

Good collection begins with getting a commitment of some type. Specifically, a dollar amount and date. But if not that, at least a date on which they will call and advise you of when whole or partial payment will be made. As long as they call, you are on the right path. When the silence starts, the collection problem escalates.

If, at this point, you have not found any success, you are left with four remaining steps. They need not be in this order.

A first step is to get an updated reference from their bank. This is a simple task. First get the name of their bank from their last check. (If you don't have one, your bank can get you a copy of an old deposit--for a fee, of course.) Then call the bank's credit department and seek a current status.

You should get back three important facts. First, the average balance in the account. Second, the amount of and current use of their line of credit. This is the key. It tells what the bank thinks of the company and how much of their line the firm is using. Finally, you'll get a quick comment by the banker on whether his relationship is satisfactory. Listen carefully for any slips or flinches.

Knowing the bank status allows step two. The letter of intention. It's a carefully worded document that says how nice you are, how nice your product is and finally how the lawyer will get rich if they don't pay because the account will be turned over to collection. Once the letter is sent, you've started a chain of events that cannot and should not be stopped.

The next step is the honcho-to-honcho step. Have a very senior person (in smaller companies, the president) call the customer's president and tell him of the disappointment, waste, etc. and the mutual losses to both companies if litigation starts. If no commitment is reached, the legal battle starts. If success occurs, and a definite payment and some future commitment is made, then the system has worked. It may have to be repeated all over again in 30 days, but for now, victory.

Of course, the best cure to the problem is the ounce of prevention. Check out the customers in advance--especially with their bank.

TIPS ON SELECTING A COLLECTION AGENCY

1. Check for membership in a national association such as the American Collectors Association.
2. An established reputation within the industry for results and ethical behavior.
3. Compliance with laws of regulatory agencies and fulfillment of bonding requirements established by such supervising agencies of government.
4. If out of state collections are required, compliance with the laws and regulations of all states in which collections will be made.
5. Clearly and expressly communicated competitive rates.
6. Regular, clear and concise reports on collection activities and progress.
7. The ability to forward accounts to other agencies, but only at your request.
8. A willingness to conform collection programs and activities to your requirements.
9. A willingness to provide samples of all written materials and verbal dialogues used in customer contacts.
10. A willingness to provide data on financial stability and worth.
11. Demonstrate adequate insurance coverage.
12. Provide a simple and quick termination arrangement.

DETERMINING THE VALUE OF YOUR CONSULTING PRACTICE

Thousands of businesses sell each year. The sales price serves to establish a value, a worth. A subscriber recently contacted me to help me determine the value of his consulting practice. A sale? No. A property settlement for a divorce action. His contention? A consulting practice is worth little without the active involvement of

the consultant. His wife's contention--it was worth a lot!

You might have to determine the value of your practice. I am not wishing you a divorce. But, for purposes of selling or even estate evaluation, or, to have a partner buy in, information is necessary.

The value of a business is determined in one of three ways:

The value of its tangible assets plus goodwill;

The value of its potential earnings;

The value of similar or like businesses which have sold.

In the case of the smaller consulting practice, its earnings are largely a function of the principal. Our about-to-be-divorced consultant was on the right track. Since few consulting practices sell it is tough to find comparables. That brings us to assets plus good will.

Most small businesses of any type are valued in this fashion. But consulting practices are lean on tangible assets. A few desks, some chairs, office equipment. You might as well liquidate. And most consulting practices are disposed of in this fashion.

But some do sell! Value? What the buyer is willing to pay for the good will.

Now put all the textbook theories about good will back on the library shelf. Forget the formulas and theories. The operational definition of goodwill is simple: the price you are willing to pay for a business over and above the value of its tangible assets to avoid having to start anew, having to start from scratch.

But starting a consulting practice is so easy, that the price one is willing to pay for not having to go to the trouble to start one is quite small.

Two points worth considering:

1. The value of a consulting practice is most often set because a consultant wants to take in a partner. Usually, a valued employee the principal wants to motivate or reward. The buy in price? More often based on a bit of hope, not income. It lacks the objectivity of an arm's length transaction.

2. How do you get money out of this business you have worked so hard to build? More and more, consultants are creating information products from their know-how: creating seminars, books, newsletter publications, audio cassette programs, etc. These tangible assets

have firm market value and are selling for a fortune in our information-hungry society.

CHAPTER III.

MARKETING

MARKETING: YOU MUST LEARN HOW

There is no factor more vital to success in the consulting profession than marketing. Despite the crucial importance of marketing for success, there is no single activity of professional practice where consultants are less skillful or more uncertain. In a 1980 survey of 3,437 consultants, 88.4% questioned their knowledge and skill in the marketing arena and 85.2 percent indicated a desire to learn new and more effective techniques to enhance their marketing effectiveness.

These research findings corroborate my less formal findings from talking personally with thousands of consultants and professional practitioners in my seminars and in personal consultations.

Inability and uncertainty about marketing on the part of consultants should not be surprising. It is explained by three major factors:

1. Consultants are technically oriented people and are not marketing oriented people. This very fact tends to suggest the very selection of profession. They prefer to expend time and energy in the identification, diagnosis and solution of client problems. Such activity is far more rewarding and meaningful (to them) than promoting, marketing and selling.
2. Consultants tend to look down upon marketing as an activity unworthy of their valuable time and effort. Indeed, many consultants regard marketing as not being in keeping with their professional image. They feel that if they are good at what they do, there really should be no need for marketing. They believe that the world will beat a path to their door. Unfortunately, in this day and age, it is necessary to at least clear the brush from the path if you expect anyone to find the door.
3. Consultants are not trained or schooled in marketing. They tend not to be familiar with the techniques and strategies appropriate in marketing. Even marketing consultants tend to lack knowledge and experience appropriate to the marketing of human beings, and professional

consulting practices in particular. Even those knowledgeable and skilled in the marketing of human services (such as public relations consultants) are often not comfortable with the marketing of their own services. They find it difficult, if not embarrassing, to speak highly of themselves, to "blow their own horn."

The dislike of marketing by consultants and other professional practitioners is so pervasive that I have never yet met with a group of consultants (in my seminars and elsewhere) where the subject of conversation has not come around to "how do you find someone to do the marketing for you?" Many consultants expend vast time and energy to seek an organization or individual who can "handle the marketing task". There are several problems or flaws in this approach.

1. The relationship between client and consultant is a highly professional relationship. It is the simultaneous and joint acceptance of two parties by one another. The decision to retain a consultant by the client is not based on the mere ability or technical competence of the consultant. The decision to retain a consultant is as much based on interaction, confidence and other social and interpersonal considerations as it is on ability and competence. If someone other than the consultant serves the role of go-between or marketer, the client has more faith in and acceptance of the go-between than the consultant. This phenomenon creates a strategic difficulty for the large consulting practice. In the larger practice certain personnel, as a result of seniority, ability or interest tend to specialize in marketing. Large practices are comprised of professional personnel of two kinds--sellers and doers. In theory, sellers generate business and doers fulfill the commitments resulting from the activities of the doers. Ideally, those who are capable of being sellers should spend all of their energies selling. This is not, however, possible. The relationship developed between the seller and the client becomes such a meaningful bond that the sellers must expend substantive effort to disengage themselves from the buyers and in making the doers acceptable to the buyers. This usually requires a degree of active and contin-

using involvement on behalf of the client's project. When such involvement is necessitated with several client projects there is virtually no time available for the generation of new business.

2. As might be expected there are a few capable, able people who earn their living by marketing the services of others. Such people are referred to as "consultants' brokers". It has been my experience that for every capable broker, ten incompetents will be found. Thus, an arduous evaluation should be undertaken if a consultant elects to utilize the services of a broker.

I should note that many consultants (47.3% of 3,437 surveyed in 1980) find the use of brokers unethical. They do not regard it as proper or advisable to pay a fee to another "professional" for the procurement or referral of a client. The use of brokers has become more popular and acceptable in recent years, particularly among younger and less experienced consultants. In a 1977 survey of 3,081 consultants, 62.3% found the use of brokers to be unethical, and, in the 1980 survey referred to above, 65.8% of the consultants who had been in full-time practice for more than seven years (45.3% of those surveyed) found brokerage unacceptable or unethical.

In my experience, consultants are usually much better off handling the marketing of their own services than they are in retaining (on a fee or salary basis) someone else to do their marketing. Brokers can be effective, however. They have proven themselves to be of the greatest value when they specialize in markets foreign to the consultant's experience and when the consultant is not totally reliant upon their services. If you find no ethical difficulties in the use of brokers, the right broker might be helpful in assisting you to obtain access to markets with which you are not familiar--e.g., foreign countries, attorneys, etc. I regard it as risky, however, to expect to obtain more than 15 to 20% of total gross billings from the services of brokers. To place your earning ability in the hands of others is not a good idea. There is no reason to take the risk of self-employment if you are not willing

to assume the responsibility for your own success.

The sum total of these is what I call the "practice of entrepreneurship" in consulting. Large firm experience does not normally, if ever, provide such all-inclusive opportunity or exposure--even at the highest levels. While large firm experience can be attractive and rewarding, it might well be said that for the younger and newer professional employee of a large firm the experience and opportunities provided are not necessarily different than might be obtained in an analytical role within any large corporate or governmental organization.

My remarks to this point have been designed to demonstrate several points.

1. Marketing ability is essential to success in consulting;
2. Employment of, acceptance of, comfort with marketing are essential to success in the application of marketing skills and tools;
3. Marketing of consulting services and professional practices is unique and different than the marketing of anything else--product or service;
4. Dependency (at least in total) upon others to do the marketing of the consultant or avoidance of the marketing responsibility spells disaster.

Your task, then, is to make a commitment to marketing, to accept your role as marketer and to gain understanding and ability to use the tools and techniques of marketing vital to the effective marketing of consulting services.

DEVELOPING THE MARKETING PACKAGE! YOU! by Ronald I. Davis

How you sell "YOU, INC." will determine the profitability and the viability of your business. If you are as professional in the selling of yourself as you are in the services you render, you're probably sitting on top of a very exciting venture. If you're concentrating on your services and forgetting the necessary marketing, or as some refer to it, "packaging", then you're probably sitting on top of a financial time bomb that can knock you out of the box at any moment. Of course, the same could be said for any entrepreneur, but when the service you sell is helping others, then you

better be sure that you've taken all of the necessary marketing steps to insure the success of your business.

The chances are, the very fact that you're reading this article is indicative of your having attended a Howard L. Shenson Consulting Seminar. If so, you have indeed taken the first step in learning about marketing "YOU, INC.". If you haven't attended a Shenson Seminar it's an absolute must! While the purpose of this article is not to create a testimonial for the Seminar, I should point out that just one idea obtained from the Seminar a year ago has netted me over \$10,000 in consulting fees that I would not otherwise have received, and helped to establish our company as a viable and well recognized marketing organization. So much for unsolicited endorsements. Now, let's take a look at the "package" that you're selling. And, incidentally, literally take a look at it...in the mirror.

What do you see? Is there a successful looking, well groomed individual staring back at you? Is it someone you would trust? Is it someone you would feel confident with? Does the individual have answers that you need? Remember, every person we know and every friendship and association that has formed has developed through three distinct and separate stages, what we call P.I.E.!

The physical level...this is where we accept or reject another individual based on something that is physically appealing or unappealing. The oft heard phrase, "There's just something about him that I don't like" is really true. In a fraction of a second we form a judgement about another individual, we either like or dislike him, and it takes a fair amount of convincing to change that initial impression.

The intellectual level...that is the level where we exchange facts, known quantities, and in many instances, a superficial level of communications. It is at this level we start to form impressions of others that reenforce the initial impression we had at the physical level.

The emotional level...is where we exchange ideas and come to fully accept the person we're talking to or dealing with as an individual who can contribute to a meaningful relationship. In business, that meaningful relationship is, at least as far as we are concerned, a buyer-seller relationship.

Thus, it's important how you "package" "YOU, INC.". How do you come across on the physical level? Are you giving off an air of positive expectancy? Does your clothing, grooming, posture and bearing indicate this?

When you talk...are you assertive, knowledgeable, articulate and knowing? Are the ideas you're presenting ideas that will help your client rather than yourself? Are you putting yourself in your client's shoes? Is the service that you're selling one that your client really needs? What kind of a tangible result will he receive from buying your ideas? Some pretty important questions, don't you think?

Some of the other "packaging" that goes into marketing of "YOU, INC." relates to other visual extensions of your business. For example, your business cards, letterheads, corporate brochures... do they reflect you, or were they just an afterthought in the busy process of establishing "YOU, INC."? Correspondence will go out, proposals will be written, business cards exchanged and each and every piece that has the name of your company on it should reflect the quality of the service you offer. A brochure indicating your services need not be expensive or extensive, but could highlight the strengths that you bring to a consulting relationship. That brochure acts as a reenforcement to the client long after your initial meeting is over.

Now let's take a look at some of the other elements that enter into the packaging of "YOU, INC.". Your office can be just about anywhere, as long as it does the job for you, and you're comfortable in it. However, it surprises me that many consultants who are looking to take a strong position with a client will take a chance on missing a client telephone call with one of those silly answering machines. Now, I think answering machines are fine, if you have a heating and air conditioning business, or a T.V. repair business, or if your youngsters want to know who has been calling them, but if you're in the consulting business they're nothing short of an insult to the clients who might be trying to reach you. Even when the machines don't malfunction, they inject an aura of amateurism into the business relationship. Instead, almost every town and city has a qualified answering service that will answer your telephone calls when you're not around the office. Further, they'll answer the phone by saying anything you want, and if they're really good, they can create the professional atmosphere that you're looking for. For example, all of the women who answer our phones are taught to answer by saying "Thank you for calling Davis and Associates, may we help you?" I've been

told that many of our clients have gained a favorable impression of our business as a result of having talked to one of these ladies.

Finally, make sure you have followed up on everything you have promised, answer every letter and telephone call, and write every person that you meet with a brief note, covering the highlights of your meeting.

Of course, one of the most inexpensive methods of getting attention and publicity for your business, without actually advertising, is through the use of press releases. Every time you attend an association meeting, add a new client, address a group, make a significant community contribution, send out a press release. Whenever possible, enclose a picture.

Remember, the P.I.E....a method to communicate the fact that you really are "YOU, INC.".

BUSINESS CONTACTS: SOME QUESTIONS

QUESTION: I am about to start my consulting practice and plan on concentrating on the non-traditional marketing techniques you discuss in your Seminar. I have no problem with these; but what should I do about my wide circle of industry contacts gained from 19 years in the design business? Should I send them a brochure?

ANSWER: What to do with your personal contacts, say from employment experiences, when starting the consulting practice is an important question. No other group represents better potential for consulting contracts. They must be handled correctly, however, if they are not to perceive you as a nuisance and if you are to achieve maximum economic benefit from these contacts.

Now that you have started your own consulting practice they will be just a little bit wary. You now sell a service for which they are potential clients. Sending them a brochure with a standard cover letter will only serve to modify faster the established relationship.

It would be my suggestion to take your contacts and divide them into two groups. The first group will be composed of those contacts whom you regard as the best potential prospects for your consulting services. The second group will be less valuable prospects.

With your first group in mind, design a letter (in some cases a phone call may be more appropriate) which is designed to inform the colleague/prospect that you have severed your relationship with XYZ Industries International and have established a consulting practice

to serve the industry. This is valuable information in case they have a need to communicate. More important, your letter should go on to say something like--

as you know, Joe, I value greatly your insights into the prospects and problems of our industry. I would very much appreciate it if you would join me as my guest for lunch later this month to discuss what you regard to be the opportunities for consultants in the _____ industry and to provide me with some insights as to what you see to be the strengths and limitations of utilizing consultants to meet the needs and problems the industry faces.

I will call you on Monday, October 5th to establish a time and place for lunch.

Joe will certainly have lunch with you. You are close colleagues in the field. And what will you talk about at lunch? Joe's problems, of course. But you came to Joe seeking his wisdom, advice, counsel. He is the sage. You have stroked him because you value his ideas.

I have seen this technique used on numerous occasions with great success. This discussion of Joe's problems inevitably results in your dealing with approaches to reduce these problems. Now, of course, you are available for assignment. This fact will not be lost on Joe.

The second group--our valuable, but not-as-valuable, prospects--should certainly be informed of your changed status. It would be nice to take this group to lunch too, but you can't spend the rest of your life eating lunch. If possible and practicable, design a little seminar or discussion group on two or three central issues (maybe those most frequently identified by the first group) and hold a little meeting which will allow you to communicate with several simultaneously. The next Regional or National Trade Association meeting might be just the place. If that is not workable, send them the brochure along with a special, personalized letter which provides some reason for continued and regular communications.

THE MARKETING OF DIAGNOSTIC SERVICES BY CONSULTANTS... SOME ASSISTANCE & THOUGHTS

A survey of consultants and clients in 1979 suggested that of all diagnostic services being provided by consultants, some 75.1% were readily given away

by the consultant as a marketing ploy. The operative assumption? "If I do a good job of figuring out what the client's problem is, the client will be impressed with my competency and retain me to do the job".

This works, of course, but not nearly as often as the consultant desires.

This same survey also found that both clients and consultants expect that by 1989, just 10 years later, some 73.3% of all consulting services will be charged for by consultants.

Why? Well, there are a great number of explanations, but among the most worthy of mention are that consultants continue to be in short supply relative to demand and that the press of inflation and a desire for greater affluence requires the consultant to use available time more productively. There are a limited number of hours in the year and beyond increasing fees, consultants must make their marketing more productive.

In addition, there is a greater and wider recognition on the part of clients that diagnostic services are of great value, something which profitably should be paid for rather than accepted without charge. This also suggests that the client is seeking a degree of independence that he/she believes may not exist when the consultant provides such services for little or no charge.

Here are some questions that consultants have found useful in the diagnostic stage of consulting:

1. Have I described the nature of the client's organization, market and resources with sufficiency to know the client's goals, objectives and the expected outcomes which the client seeks?
2. Am I able to describe the objectives of the key personnel in the client organization?
3. Have I clearly identified the concerns and the problems faced by the client organization and its operating divisions as well as the problems faced by the key personnel in the client organization?
4. Am I capable of describing the internal management and administrative processes of the client organization which create and result in change?
5. Am I aware of the people in the client organization who are particularly influential in making decisions and in building support within the client organization?

SOME MARKETING QUESTIONS AND ANSWERS

Question: I recently met with a potential client. The end result of my marketing efforts: An offer for full-time employment rather than a consulting assignment. This is the third time this has happened in the last year. How can I keep these potential clients from wanting to employ me?

Answer: There are several tips which will help to eliminate your client seeing you as an employee rather than a consultant.

1. You must communicate to your potential clients the terms and conditions under which you are willing to make yourself available. I frequently find that the consultant is vague in first meeting with the client. Vague in the sense that they do not wish to say anything which might provide initial displeasure to the client's way of thinking. Hence, they cause the client to see himself/herself in a position of leadership and direction. You must communicate firmly to the client that you are a consultant and only willing to provide your services as a consultant. Otherwise, the client may see you as that valuable employee he/she has been seeking for years.

2. You must point out the rational benefits of retaining your services as a consultant rather than as an employee. Frequently the client will be impressed with such factors as the cost savings which can accrue from the use of a consultant; the sense of only having to pay a relatively low amount of dollars for selected talents over a given period of time; and with the fact that the client organization will become self-sufficient. Other factors which might be pointed out include: the growth opportunity for existing employees; lack of a long-term commitment which is typical of employment; freedom from fringe benefits, etc.

3. Further, the client should be motivated by the fact that in your role as a consultant you have contact with many organizations and individuals which should add both depth and breadth to your capability. You have a wider range of contacts and experiences which enhances your value to the client.

4. Also, as a consultant rather than an employee you will probably be more objective. While objectivity may not be a major concern in all consulting situations, it most frequently is. You are

able to provide impartiality and the freedom of decision that most employees will not always find to be in their interest.

Question: I am spending too much time marketing my services. Some of the prospects whom I see take up a great deal of my time and then seem to lack the authority to retain my services. I cannot afford to waste this time. Any suggestions?

Answer: A qualified prospect is one that has the need for your services, the money to pay for them and the authority to retain you.

Ask questions like:

1. I understand that you have the responsibility for _____?
2. If I can demonstrate to you how _____ can be achieved within your budget, are you in a position to commit your firm to retain my services?
3. Who, in addition to yourself, will participate in the decision to retain my services?
4. What is your budget to solve this problem?
5. What is your deadline for getting this problem solved?

Don't be embarrassed about asking these kinds of questions. Be self-assured, even forceful and certainly businesslike. Your time, including your marketing time, is valuable. Spend it wisely by qualifying your prospects before expending time.

Question: Is it possible to sell your services over the telephone?

Answer: It is easier to sell getting an appointment than it is to sell your services via telephone. If your client is sophisticated and experienced and your services are straightforward and direct, you will have some luck in direct sale of services by phone. Your success will increase as the physical distance between you and the prospect increases. If you are selling telephone consultation services (which continue to increase in popularity) you will be successful too.

For complicated, custom services with the normal client you should not attempt to use the telephone for any more than getting an appointment and pre-qualifying the prospect. You can qualify the prospect's seriousness, ability to pay and interest by phone. (See the response to the previous question, for some questions to ask.)

Question: I'm always on the look-out for new ways to find additional clients. A friend suggested I answer some of the large display ads in the Help

Wanted sections of newspapers. He suggested that I respond with a proposal that the person placing the ad might consider a consultant instead of a full-time person. What do you think?

Answer: My experience has suggested that this is most often a poor use of your very valuable marketing time. Organizations seeking full-time employees normally want just that. These ads usually bring you in contact with the Personnel Department. Personnel Departments tend to have a certain fear of consultants. Not being able to find full-time employees at reasonable cost may be considered by Personnel people to be a negative reflection on the job they are doing.

I have heard of late from two consultants who have been successful in finding strong assignments via this strategy, however. In one case the consultant is a highly paid technical consultant working in a field where little in the way of full-time personnel is available. The second is a person working in aerospace. The former has found a degree of unwillingness on the part of clients secured via Help Wanted advertising to pay his expected fee. They are also seeking long-term, relatively full-time interest and involvement on his part. The latter believes he has been successful due to the great shortage of available personnel in his field. Thus, it might be worth a try if you feel your specialty is in short supply. But try and get to the decision-maker directly.

Question: For a variety of reasons I would like to pursue appointment to the Boards of Director of several small corporations in my area. How can I best go about it? Are there search firms who specialize in this area/field?

Answer: My first advice is don't do it. Today, a corporate director undertakes substantial risk. You have a high degree of accountability to shareholders, government and the general public. The rewards of membership hardly compensate you for the risk. A few headhunters seek out directors and you might talk to some firms in your locale. Bankers, CPAs, etc. also may be good sources. In your position as a university professor, you also have the luxury of direct contact with corporate officers and Board members. They can assist you with your instructional tasks and you can market.

Question: Next month we will be doing a direct mail promotion for a Seminar on how to increase em-

ployee productivity and morale via intervention techniques. The mailing will go to line managers and personnel directors in medium and smaller size corporations. We offer three other seminars which would be of interest to the recipients. Do you advise that we include information on these?

Answer: At first glance it seems as though it might be a good idea to promote multiple programs in the brochure. After all, it allows your audience to consider other programs than the one being specifically promoted to them. However, there is a negative side. Should a person have a fairly strong interest in your program, listing other, overlapping, programs can cause confusion in the decision-making process, especially if the reader does not have detailed information on the other programs. The confusion may result in the reader electing not to decide at this time--awaiting additional information later. You have lost the sale.

Full and complete information on all programs may create promotional confusion. Too much to read and absorb. Again no decision. Also, the other programs promoted may not seem to the reader as being as much for him/her as the main program promoted and there may be a feeling that this envelope is really not for me. I should throw it out or give it to someone else. A mention of the other programs and provisions of the opportunity to obtain information if interested could be quite a good idea, however.

Question: In regard to seminars and newsletters (et. al.) what do you think of the notion of asking your current/past participants/subscribers for the names and addresses of 3-5 potential participants/subscribers in exchange for some freebie? What are the benefits/constraints of such a promotion? Have you ever tried such a promotion--if so, what happened?

Answer: People who have attended your seminar or purchased your materials are more than happy to provide a suggestion to their friends and associates that they do the same, provided that they can do so with the assurance that those who do attend will be satisfied. The fear of the recommender is simply this: That the program/materials will not be up to par, that the quality will not be as good as when they purchased/participated or just not as good as it should be. If such is the case, the recommender's esteem will be lessened in the minds of those who received the recommendation. The worry is that one

will become less credible to friends/associates.

There is also fear among some that their opinions are not reliable. They may feel your program was excellent, but they have no confidence in their own opinions and therefore, are fearful of making a recommendation because their friends might not agree.

It isn't necessary to offer a financially valuable inducement to those who recommend you. People enjoy having the opportunity to do so when they think highly of you or the service/product you provide. Your request may cause people to promote you by word of mouth, simply of itself.

To tie the receipt of a financially valuable inducement to the act of providing a lead will not set well with all people. Many have found that it is better to induce a feeling of obligation. This can be accomplished by sending past participants/buyers some kind of gift along with your request. This usually works better in the promotion of the professional market. I have tried such promotions in a number of different markets with various programs/publications on my behalf and on behalf of clients. Such promotions were successful when the program/product had a track record of success in its own right.

THE CLIENT MIND...SOME TIPS ON MARKETING

Six questions about profit your client will expect you to answer: your client may not ask the following questions, but you will need to anticipate the fact that they are on the client's mind. If the client doesn't ask them, plan to answer them anyway...

How can I profit?

Why can I profit?

Where can I profit?

Who says I will profit?

What will I profit?

When can I profit?

Do I need this service?

Do I really want this service?

Can I really afford this service?

Will I make use of the outcomes?

Am I being given a good deal?

Should I check out the competition?

Could I get this service for less?

Is this consultant honest, reliable?

Should I decide now or later?
Is the consultant knowledgeable?
What will my associates think?

Many sales authorities take careful note of non-verbal communications. Here are some typical non-verbals and what they are supposed to say.

Folded arms--Very defensive..prove it to me
Crossed legs--Bored and defensive
Hand stroking the chin--I'm thinking about it..
I haven't reached a decision
Putting things (e.g., pencil) in the mouth--
Give me more information..what's in it for me.
Touching or rubbing the nose--I doubt it...I don't believe you...Doesn't make sense
Rubbing eyes--Convince me...I really don't know...
Tell me I should
Sitting on the edge of the chair--I'm interested..
I'm cooperative
Unbuttoning the coat/jacket--I'm opening up to you...I believe you
Tilted head--I'm still interested
Short in and out breaths--Frustration and disgust...Get out of here, now!
Tightly clenched hands--I'm tense...not relaxed...
I'm getting hostile
Palm to the back of the neck--Defense...Are you through yet?
Clearing throat--Uncertain and apprehensive
Fingers positioned to make a church steeple--I'm very sure of what you are saying...confident
Tugging at ear--I want to say something...I want to talk

SELLING TECHNIQUES

Success in consulting requires far more than doing a good job for the client. While long-term success depends upon knowledgeable, professional results for the client, selling ability is of vital importance for the consultant to receive the consulting assignment. Consultants are all too often poor at selling their skills and services. Yet ours is a marketing oriented profession and success demands the ability to sell. In that regard, we sought out a real pro. Mr. Joe Fulton is not only a successful consultant, but also a super salesman. The correlation between his success in consulting and

his sales ability is no accident. We asked Joe to share his selling strategies with us.

FULTON: First of all, I have the desire to be so. When I say desire, I mean that I am willing to do whatever is necessary, in a positive way, to help myself to be successful. I also think that there's another thing that's necessary to success and that's patience. Things don't just happen overnight. I understand that I'm dealing with people and their time lines, for their lives and their companies. I have to be patient to fit my objectives into other people's time lines. Through the process of doing, I've learned that it becomes easier to engage in the process of waiting. If I keep busy, keep hustling, then I'm not sitting and fidgeting over one potential client.

I'd also have to say that one of the reasons for my success is that when I'm going to talk to somebody about the different types of services that I offer, the training services that I offer, I'm concerned about what their problems are; what their means to address the problems are; so I'd have to say that I'm oriented toward discovering the means through which we can address and resolve the client's problems. If I had to list the reasons for my success, I'd say that they are first, I have the desire to succeed; second, I'm patient throughout the selling process; third, in the process of selling, I always attempt to uncover what people's needs are; and finally, once I identify those needs, I try to see how the services I offer match up with the client's needs. Oh, and I'd also add one other thing. I'm always scrupulously honest in the client relationship, in telling people exactly what I can and can't do for them.

REPORT: In addition to those qualities you've mentioned, don't you think there's a certain amount of perspiration involved as well?

FULTON: Interestingly enough, I don't really look at it that way. I think there's a method for doing everything necessary to be successful. If you develop a system, I think the system or method does the work and you just control the system.

REPORT: Can you give us an example?

FULTON: Sure. I don't think that very many consultants completely understand the selling cycle, or that the selling of their services is entirely separate from the consulting they wish to perform. It seems to me that very few consultants take the time to realize that these two functions are entirely different and that they should take the time to develop a sales package that aids them in the selling of their services.

My system compartmentalizes selling and consulting. I think of these as two distinct functions, almost as if I have two offices, one of which is for selling and one for consulting. When I'm selling my services, I'm not consulting, not trying to consult. I'm trying to sell. That's where the sales package system comes in.

REPORT: How?

FULTON: I get leads, company names, names of individuals by being observant. I may see a company while driving down the street to an appointment and think, "now there's somebody I want to contact." So, every month, no matter how busy I am, I send out 10 to 15 sales packages that each contain a capabilities statement, pricing policy on a price sheet, sample materials that I've developed for other clients (with that client's company name prominently attached), and a few letters of congratulations or thank you's from those same companies. I attach a business card to a Needs Assessment Questionnaire and send out the whole package.

But, understand this, I don't actually perform this task. I've developed an introductory letter that has perhaps 12 paragraphs that I've written up. My secretary has a list of those paragraphs, by number, and so when I get a name and address as a lead, I simply tell her to put a package together with paragraphs 1,2,4,8 and 9. She types up the letter and sends out the package. Now, how long did that take? About a minute? I don't even have to see the letter again, it just goes out.

REPORT: And, follow up?

FULTON: Periodically, my secretary gives me a list of the packages we've mailed and when I have the time or feel like making calls, I call each person I've sent a package to and ask for an appointment, specifically to review their Needs Assessment Questionnaire. So, long before I ever contact anyone over the phone, they know who I am, what I look like, what I'm about and what I intend to discuss in the interview. That's how my system helps me. I let the system do the work. I'm the consultant. I control the system.

REPORT: Many consultants have difficulty in knowing just how and when to ask for the money. Discussing the business arrangements, the cost of the consultancy, seems awkward, embarrassing or unpleasant. Is it a problem for you? Why/why not?

FULTON: No. It's never a problem. My philosophy is that I cannot ask for the money until I have taken a series of logical steps and received the client's agreement on each. When I ask them for the money, I'm not really asking for money until we've previously dis-

cussed it in the initial interview.

When I go into an initial interview, I get a few questions out of the way, immediately. I want to know right off the bat if this company buys the kind of services that I offer. So initially, I get right to that decision. I don't want to waste anyone's time, especially my own. Many consultants I've known will engage in a lengthy preamble to sell themselves to the prospective client, without the slightest notion of the client's ability and willingness to buy. If they don't have the budget to purchase my services, why should I waste the client's time and mine with a fruitless presentation?

Once I've determined that the company I'm interviewing has resources available and that they do purchase outside consulting, then the interview becomes just like your annual visit to your doctor for your physical. When you go to the doctor, he interviews you to get as many facts about your ailment as possible. He checks your ears, looks into your eyes, checks your blood pressure. So through his interview and examination, he digs for the important information about your problems. If he can help you, naturally he does. If your problem is something he can't handle, he'll refer you to another doctor who can help. That's exactly what I do in the initial interview. If I can help a company, I have to know what problems they face. Most importantly, I have to know how the decision makers and employees of that company feel about solving that problem or problems. If the trouble isn't sufficient to warrant corrective action, again, we're just wasting time. But if the decision makers feel that they want to correct a human relations problem, if they agree that they've purchased outside consulting in the past or are prepared to do so now, and if they agree that I have the means to correct their problem, then we can talk about money.

Now, remember I said that I included a pricing sheet in my sales package. The only thing is, my pricing sheet doesn't have any prices on it. I give them my pricing policy, but the actual cost of the consultancy involves too many independent variables to make any hard and fast rules about what you'll charge. Besides, if you want the business bad enough, you'll lower your prices. For me, there's a balance between how badly the company wants me. If I see that the consultancy will involve a seminar, plus developing materials, and travel outside the County of Los Angeles, then the price will reflect those variables.

Once we agree on the problem and solution, talking about money becomes simplified. It all boils down to what they have budgeted for training. My bottom line is

this: I don't care if they buy or not. I'm interested in discovering what their needs are. The reason I don't care if they buy or not is because if we come to the conclusion that they really have some needs that must be addressed, then they're going to buy anyway. It's just a matter of time.

Nothing can happen until the client is ready to buy. You can't force it, you can't make it; the only thing you can do is be around and let them know you love them, show them you can help and give them reasons why you want to do business with them. I've found that he who stays around--legitimately stays around in the profession--eventually gets the sale.

CONTROLLING THE SALES PRESENTATION

A generalization about consultants which is quite accurate is that they do a better job of delivering that which they have sold than they do selling their services in the first place. But to be able to deliver they must improve their ability to sell. Gaining control of the sales presentation is an important place to improve one's marketing ability.

Control is something which you will develop only with practice and experience. A good operational definition of control is your authority to exercise restraining or directing influence over your prospect. The purpose of control is not to overpower your prospect but to have power over the prospect.

Control is important for a very pragmatic reason: Without control you greatly reduce the chance that you will be successful in the sales effort.

To understand control requires that you come to grips with the true meaning of selling. Selling is getting other people to do what you want them to do without confusing or irritating them.

No matter what you do you are selling. Success is always dependent upon your ability to sell. You may be selling a product or service, sure. That's obvious. But even if you don't have a product or service you will be selling yourself as a consultant or as a viable member of the employment force.

When you want to control the sales interview you must think in terms of control. Thinking control isn't too hard because you are in control. Never forget that you are the authority, the expert and the leader. You lead, you direct, you show the way. Your prospective client will follow.

There are seven methods designed to assist you to gain control, according to selling authorities:

1. Make Your First Impression A Good One.
A strong and forceful (but not too forceful) greeting is a good start. Be firm and confident from handshake to opening statement. Dress is important too. Your dress and style should suggest command and authority without being intimidating.
2. Use Your Personality.
Don't be someone you are not! It won't work. Figure out your unique strengths and put them to work for you. Be comfortable with who you are and display your satisfaction with who you are. It has been said that the true sign of maturity is an acceptance of who and what you are. This doesn't mean that you can't change and are not interested in change. It does mean, however, that you accept yourself for what you are at the present time and capitalize on it.
3. Think Positive...You Are Going To Sell.
Have you ever gone to see a prospective client saying to yourself "I hope to get a contract"? Of course you have, we all have. But it is wrong. You will not succeed if you think in terms of hope, might, maybe, perhaps. These are negatives.
Always say to yourself, I'm going to get this assignment, I can and I will get the contract. She needs my services and I intend to sell her. Always think in terms of I can, I will, I must, I shall.
4. Exert Control From the Start.
Don't wait for your prospective client to tell you when you can start your control. If you do, your prospect will already have control over you. Make controlling statements and requests:
'Could you sit over here, sir. I will first demonstrate the outcomes which will be achieved, then I will show you how...'
Ask your prospect questions, start to give directions, keep control over your sales literature or examples...show them to your prospect when you are ready.
5. Give A Smooth-Flowing Sales Presentation.
Your prospect will tend not to interrupt you if you have a logical, even-flowing sales presentation. A smooth presentation reduces your need to exercise outward control. It will always be in your interest to maintain an aura

- of control without having to make use of it.
6. Use A Pattern of Logical Sequence.
The well-planned, logical, smooth-flowing presentation will help you considerably in controlling the interview. A well-planned presentation answers all of the major questions and objections. It demonstrates that you are in control, in authority and serves to reduce the objections and concerns of the prospect. Don't drag or meander. It will give your prospective client a chance to press and ask questions out of sequence. If this happens you have lost control.
 7. Speak Forcefully and With Confidence.
When your behavior indicates that you know what you are doing, your prospect will think so too and give up the control to you. A weak voice or pussyfooting around and you will be in trouble.
Confidence should not be confused with boastfulness or arrogance.
Don't say 'I want to give you some information', say 'I know'. Don't say 'This might', say 'This will'.
It is up to you to take this candidate or prospect from the freezing point to boiling. If your prospect is bored or uninterested it is your fault. When you don't earn the prospect's respect you have a control problem.

PRODUCTIZE...MAKING THE SELLING OF CONSULTING EASIER

The more products or near products you can create, the easier it will be to market your services as a consultant.

We live in a product oriented society. Your client is used to buying products and the more tangibly your know-how is packaged, the easier it will be to sell your services. The creation of product has another advantage. It provides a stream of income after you have retired or in the event that disability prevents continued consulting.

There are what we might call real products and semi-products. We all know what real products are. Semi-products are not true products at all. They are standardizations of your know-how that can be distributed to the client in a lower-cost fashion than the same know-how could be distributed on an individual consulting basis.

The know-how of a computer specialist can be and often is translated into real products in the form of a prepackaged product--the Computer Program. It is separate and often distinct from the consultant as it can be sold by a different entity--a software company. Once developed, it can continue to be sold and thus produce income without further involvement by the consultant.

Semi-products continue to involve the time of the consultant in their delivery. But the time can be employed in quite an economical fashion. The newsletter you are now reading serves as a good example. Effort is expended each month, but the cost of the effort is spread over thousands of readers. For each subscriber to obtain the information which is contained in this newsletter on an individual basis would be very costly and impossible from the standpoint of time availability of the consultant.

A semi-product often has a value of its own, but the value is rarely as great as the value enjoyed by a real product. Were I unable to produce this newsletter in the future, it might be able to be sold for part of its value. The buyer would surely have to continue to write and distribute it each month. The buyer would have to continue to sell subscriptions for it to remain a viable effort. This has been done by others.

So products, and to a lesser extent, what I have called semi-products, are useful to the consultant in that they create an after-development flow of income, the provision of know-how to a broader market at a lower price. Products and semi-products also enable the consultant the opportunity to expand and diversify his/her interests and create variety in the delivery of consulting know-how.

Some products and semi-products which have been developed by Report readers include:

- Seminars
- Self-published books
- Computer programs
- Cassette tape information packages
- Syndicated newspaper columns
- Instructional television series
- Films
- Direct-mail sales magazines (co-op mailing instruments)
- Lab-equipment and instruction set packages
- Standardized survey and test instruments
- Newsletters
- Pre-programmed radio shows (music and verbal formats)

Correspondence courses
Magazines
Telephone consulting services (consulting by phone)
Buying services
Membership information services for status of government action concerning regulated industries
Standard national market research instrument/survey distributed to broad consumer base for sellers to pay fee to have their product researched (co-op research)
Major publisher distributed books
Now the important question! Is there a product in you? If there is, will it benefit you and your consulting practice to get it to the market?

COLD MAILINGS

Those of you who have attended my Consulting Seminars have heard me say "don't do cold mailings of your brochure to rented lists". They rarely produce enough business to justify the cost of the promotion. The statistics which I quote in the Seminar explain what happens to direct mail, particularly brochures from consultants and service firms.

Does this mean that you should never do cold mailings? No. The right piece of mail to the right audience can produce meaningful, profitable results. Your promotional piece should:

1. Be of interest to your potential clients and of no interest to anyone else.
2. Ask your potential clients to take a small, inconsequential step or action which will be of benefit.
3. Let your potential clients know that you are available to them. It should encourage their contacting you.
4. Be credible. The small, inconsequential step you are asking your prospects to take should be believable. Don't promise to give too much.

When a consultant sends out a brochure which says "Call me or visit me and I will send you an invoice", they are asking not to be called. The recipient of a brochure does not know you well enough to make a commitment and expects to be embarrassed in having to tell you that he doesn't want you to be his consultant.

Is business reply mail for you? Research

demonstrates that the provision of a business reply envelope in your direct mail promotional pieces serves to substantially increase effectiveness. But what does it cost? First you must file Form 3614, Application to Distribute Business Reply Cards, and pay a \$30 annual fee.

You can pay for business reply mail in one of two ways: with an advance deposit trust account at your post office, or by simply paying the person who delivers your mail for each item due. There is a big difference in the cost, however.

You pay, for a deposit account, a \$75 annual fee and establish a deposit account at the post office. As business reply mail is returned to you, the cost is simply deducted from your account. The cost of first class postage plus 3.5 cents is deducted for each piece.

If you do not maintain an advance deposit account, the cost per piece is first class postage plus 12 cents.

If you expect to receive 883 or more business reply pieces per year, it is more economical to establish the deposit account.

Some tips for increasing the cost effectiveness and success of direct mail marketing campaigns by consultants:

1. Try a self-mailer rather than traditional letter or brochure in an envelope.
2. Omit business reply envelopes and cards.
3. Use an envelope, but not pre-paid postage.
4. Mail less. Don't remail to lists that fall into the trap that more is always better than less.
5. Don't clean rented lists. Skip return postage, address correction and forwarding on rented lists.
6. If you want to "steal" a rental list, do it legit. Provide a free offer. Then when they respond, the names are yours.

ADVERTISE: SHOULD YOU?

Look at the size of the morning newspaper, the proliferation of new magazines on the newsrack at the supermarket, the amount of direct mail advertising in the daily mail delivery. The whole country is advertising, and they are advertising everything. The advertising business is good and the industries which are dependent on advertising--such as the media of

radio, newspapers, television--are enjoying bumper years.

All this advertising. It must be good. It must pay off. Why not advertise consulting services?

It's a good question, but like most good questions it lacks an easy answer. Most ads placed by consultants don't do very well. Some produce great rewards. Thus, it must be that there is a right way to advertise and a wrong way. This reasoning leads many professionals to the library to scan the available literature under the heading which reads "Advertising". But the answers are either not there or they are too elusive to grasp!

No attempt is being made here to provide textbook theory on advertising. Go to the library for that. But I will treat some of the fundamental factors in advertising success and draw on my experience in reviewing the results that several scores of consultants have obtained with advertising. In short, I will tell you, in summary fashion, what I know and what I suspect makes for effective advertising campaigns by consultants and others engaged in the professional services.

THEOREM NUMBER ONE: EFFECTIVE AND COST EFFICIENT ADVERTISING IS SPECIFIC ADVERTISING.

There is a big difference between effective advertising and advertising which is both effective and cost efficient.

One of the major reasons that consultants do not achieve good results from their advertising is that they advertise too much and too generally. This creates high costs with limited response and tends to discourage future experimentation with advertising.

Suppose you are in the financial consulting business and decide that you will run a small one-inch (one column wide x one inch high) ad in the National edition of The Wall Street Journal. For such a small ad to be effective, you might reason, it should be run frequently and over a long period of time. (And, of course, you have seen others do this. Thus, it must work.) This little one inch ad, at current rates, costs \$262.22 a day. If you decide to run this ad three times a week your bill for the year, forgetting frequency discounts, will be \$40,906.32. It had better work! At these prices, you figure, you better not be too specific; you better not run the risk of having anyone who notices your little ad not find it of interest. What will appeal to the broadest segment of Journal readers? Something sort of like:

FINANCIAL CONSULTING

No Assignment Too Small or Too

Large, 10 Years of Major
Experience With Large
and Small Clients. Name &
Address, Phone.

Although not very exciting, not the sort of ad to cause Madison Avenue heads to spin, this may be a very effective ad. Note, I said effective and not effective and cost efficient. Why might it be effective? If you run this ad regularly it will be noticed, you may even get a few people to call you and set up an interview and it will support your personal, one-on-one marketing. It will serve as an advance calling card should you call on potential clients who regularly read The Journal. But, you are going to have to sell one hell of a lot of consulting services to pay the tab. And, quite frankly, I don't think that ad is going to sell one hell of a lot of consulting services.

What you need is an ad which is far more specific. You need an ad which raises the adrenaline a bit more. For example, if your ad read more like:

RECEIVABLES FINANCED...

\$100-500,000

3 Points Over Prime

Accounts Over 90

Days Must Not Exceed

16%. Any industry.

Name, Address, Phone.

You just might have a far more effective and cost efficient ad.

Sure, your ad will not be of interest to as broad a range of people as the first example, but it is sufficiently specific to arouse just enough of the right people to bring some business in the door.

This is very much like a department store ad in the daily newspaper. I read the Los Angeles Times no less than seven times a week. It would be a conservative guess to say that the Broadway department store probably has some 40 rather sizeable ads each week. Every day the Broadway stands out in my mind, but there are only one or two occasions a month that they get me to come down to the local branch less than four miles from my home.

I come down, of course, when I have a specific interest in buying an item they just happened to advertise or when they advertise some item I just might want even though I never gave that item a conscious thought before opening the morning paper.

To be effective and cost efficient, the consultant must take a close look at the practice and package some aspect of the service in a very specific fashion. In

short, the reader must see that immediate action is likely to result in the satisfaction of a perceived need; that substantive benefits are likely to result.

THEOREM NUMBER TWO: TEST, TEST, TEST AND WHEN YOU ARE FINISHED TESTING TEST SOME MORE.

Advertisers never have enough information. They must continue to test every aspect of their marketing: size of ad, frequency of insertions, length of campaign, the media being used, the price, the terms and conditions of selling, etc., etc., etc.

Never be satisfied.

You may have to do a lot of testing, as there are any number of variables to test. Among the variables which can result in advertising being successful or not are:

- Frequency with which advertising appears
- Dates and/or times at which advertising is run
- Promotional message being used
- Size or length of advertising
- Media or medium in which advertising appears
- Price or fee charged for services.

The number of possible combinations is quite great, and the failure of an ad idea to produce results doesn't mean the idea is bad. It takes a great deal of testing to result in such a conclusion.

A vital aspect of success in advertising consulting services is to insure that the money invested in advertising produces results. When the creative genius comes up with the right idea, the perfect advertising campaign, put the brakes on.

The feeling that this ad just has to work is likely to result in a great deal of frustration when it doesn't. In addition to frustration there is no reason to lose a great amount of money. Only about one in every six "this has got to work" ads work with sufficient results to pay back the investment. It is more usual that your ad needs further refinement.

The protection of your money comes with careful testing. If you are located in a major metropolitan area and elect to try newspaper advertising, test your ad in a smaller, perhaps neighboring community before investing big dollars in the local metro daily. You can save up to 80% of the investment required. Pick a community that is like yours in demographics with a newspaper that has about the same reader characteristics as the metro daily to produce results.

You can do the same with radio, magazines and direct mail. Send out 1,000 direct mail pieces, not 20,000. If 20,000 will work, so will 1,000 and at about 85% of the cost.

THEOREM NUMBER THREE: CONCENTRATE ON DIRECT RESPONSE/
IMMEDIATE RESPONSE ADVERTISING WHEN ADVERTISING BUDGETS
ARE LIMITED.

It never hurts to be selling. We admire, from the aspect of creativity, many advertising campaigns which are long-term, deferred selling, by their very nature. But there is an old adage which says it never hurts to sell or get an order. If the budget is rather limited it may be useful to design ads which produce an immediate result rather than a more long-range impact. This provides immediate evidence of the degree of effectiveness of the advertisement. It also helps the cash flow because ads which produce immediate results usually turn revenue more quickly. This, of course, reduces the amount of cash which must be tied up in advertising.

THEORUM NUMBER FOUR: LIMIT ADVERTISING EXPENDITURES TO THE
MINIMUM NECESSARY TO GET THE JOB DONE.

Most consultant advertising is designed to create an inquiry and not a sale in the sense that the reader fills out an order coupon and encloses a check or lines up at the door, credit card in hand, ready to purchase. Consulting almost always requires individualized, one-on-one selling. Since the consultant must talk with the potential client prior to making a "sale" it isn't necessary to make a large investment in advertising space to sell the service.

To illustrate the point: the consultant wanted to conduct a seminar of potential interest to the business community in general. Rather than invest a large sum in buying national advertising space in a number of major daily newspapers and business publications, small one inch ads were placed on consecutive days with just a key word and an invitation for the reader to call a toll-free phone number to receive additional information. When called, the number produced a 90 second recorded message giving particulars. Finally, the listener was invited to leave name, address or phone to receive further details.

In the first week, with an advertising budget of \$1,224 and a phone budget of \$678 with a follow-up promotion cost of \$202, the 496 respondents produced a total of 99 seminar registration fees at \$125. Analysis of the alternative promotional model of space ads only indicated that total advertising costs with the alternative would have resulted in a cost of \$4,197. This was a substantial savings. And too, it was a creative advertising approach. We might suspect that the creativity alone helped sales.

Advertising consulting services can be successful--it has been for many. The advertiser is cautioned to

proceed with care, conservatism and an insistence on seeing short-term results.

SPACE ADVERTISING by Hubert Bermont

Nothing in our profession equals the efficacy of personal contact. But advertising is not to be discounted altogether. The Yellow Pages can pay off, for one. Additionally, some kind of space advertising in newspapers, magazines, or trade and professional periodicals can succeed. I'm personally dead-set against direct mail marketing for consulting work. Space advertising can be expensive, so be careful. Here is a little-known tip:

One "trick" is in getting what you pay for. To do this, you must try to reach the entire circulation of that particular publication. Most publications charge an additional premium (ranging from 10% to 20%) to place your ad up front. If this is a daily newspaper, pay it; it's worth it, because you double your return. This is because most people don't get to read a daily cover-to-cover. Something comes up and they lay the paper aside "for later". Later rarely comes in their hectic schedules. That edition is trash by the next morning, and your ad will never be seen. But if your ad is on the first five pages, they will all have seen it. Conversely, no matter what kind of sales talk you get from the advertising manager, there is absolutely no reason to pay a premium for up-front space in a weekly or monthly publication. That sits around the house or office for quite a while before the next edition comes out (and even after), and your ad will be seen, no matter where it appears.

DEVELOPING BROCHURES

Many consultants desire to have available some type of written communication which may be handed to or mailed to a prospective client. The purpose of this communication is to market the consultant's services. Often a resume is used. I am not an advocate of the resume. We have developed an entire industry in this country which attempts to make resumes not look like resumes. Why? Apparently resumes are so common that they tend not to be read, are too easily filed away to be forgotten. More important--the resume fails to be organized in such fashion that it communicates the

critical data the consultant wants the prospective client to consider.

This article provides a step-by-step approach to developing a brochure for use in marketing consulting services.

1. The Medium and the Message. The place to start is with a determination of just what message is to be communicated to the readers. If the readers are diverse, it may be necessary to develop more than one message. The message, however, will also be affected by the medium. The nature of some communications in the advertising field lends them much more to a combination of audio and visual techniques (the new potato slicer advertised on television). Others (a sale at the local department store) may best be communicated either by audio (radio) or visual (print media).

While it would be orderly to separate the medium and the message it should not be done. They must be considered in combination with one another.

The trick to deciding on the message to be communicated to the readers is to ask yourself this question: What factors will result in the reader making his/her buying decision? Put another way, what are the determining buying factors? Your job then is to write a piece which will cause the readers to come to think of you as the best of all possible sources to get the job done or make the problem go away. This assumes that your objective is to cause the reader to retain your services. If your objective is something less (simply causing the reader to grant you an interview or appointment) your message will obviously be different.

Think hard about the message. If you believe that a one-on-one dialogue is essential to cause your reader to retain your services don't try to use your brochure to do what you must do in person. Concise communication is important. You have but a few seconds to capture your reader's interest and attention. A long, complex-looking piece turns people off.

Think hard about your communication style. A brochure does not have to be written on an 8½ x 11 piece of paper. Don't fail to consider a brochure on a cassette tape, a film strip, video tape, etc. Most of us will still fall back on the written word but you may be able to make a splash, stand out, create a certain image through some less conventional means. If your voice is a strong ingredient in your sales appeal put it to use.

2. Developing the Message. Now you know that you must communicate to the readers in terms of those things

that are important to them (determining buying factors). What do you write or say? Clients are far more interested in your accomplishments than in your credentials. The old adage that a Ph.D. and ten cents (now, of course, 55¢) will buy you a cup of coffee is quite true here. Research has demonstrated that the vast majority of clients want to know about the consultant's accomplishments and contributions.

I would suggest that you write several descriptions (or vignettes) which will serve to communicate to your clients your ability to do the kinds of things for which they are seeking your services. People new to the consulting field often are concerned that their lack of experience precludes them doing so due to a lack of experience. This is not true. Although your successes and accomplishments may not have come from consulting assignments, you have no doubt had your share. Perhaps your successes came about through an employment situation or even in volunteer work. That's O.K.! It is not really important to that prospective client how, if at all, you were paid. What you did is important.

Selecting your experiences should be done with care. Don't necessarily pick your favorites. Ask yourself: of all my accomplishments and successes, which are likely to be determining buying factors (most important) to the readers?

An example:

A major trunk airline desired to change its advertising campaign to spur a declining market share on its major (and highly competitive) routes. Tradition had it that they would periodically change emphasis from personnel, to timeliness, to food service, to quality of ground service, etc. The philosophy had been to keep the name of the carrier in front of the public and keep the public awake by changing ad content. Not fully satisfied with past successes, the airline and its advertising agency retained the Market Research Division of _____ and Company to find out just what the ads should say. In less than 60 days with an expenditure less than one weeks media budget, _____ and Company undertook a comprehensive consumer study to determine those factors which caused a potential air traveler to select/decide on a given air carrier in those markets where competition exists. The results of this study were used by the carrier's agency to develop a totally revolutionary emphasis in the carrier's advertising program. Today, that airline is a leader in five of its seven

competitive trunk routes.

The techniques applied in this important consumer research are applicable to a number of industries. We think you will be amazed by the findings and _____ and Company will be pleased to share the findings with qualified requestors.

In a very few words the consultant has explained a substantial success. In addition, an opportunity has been extended for the reader to learn more. Also, a challenge or test as to the reader's qualification has been established. Some readers will want to reassure themselves that they would qualify to receive the additional information.

Aside from these vignettes, the consultant may wish to communicate some other information:

A list of previous clients or references. It would be my suggestion that you don't link up the names of clients with the specific accomplishments described in your vignettes. Your reader may feel that you will do the same with him/her in the future. They may prefer to be treated with confidentiality. A list, someplace in your brochure, of references or clients served, however, will be acceptable.

Your credentials or capabilities. While not absolutely necessary, your credentials are certainly not out of place. The brevity of communication concept should be employed here. While many of your credentials may be important to you only a very select few will be of interest to your readers. Don't underestimate the importance of practical, hands-on, on-the-job, experience. For many clients it is vital and the determining buying factor.

A statement of your operating philosophy and practices. A description of how you run your practice, how fees are charged or determined, your ethics, etc. may be of use. Ask yourself: Is this information critical to the reader's buying decision?

The obvious but sometimes forgotten. Things like your address, phone number, etc.

3. Testing the Message. We are often our poorest critics. Once you have drafted your message get some non-involved persons to tell you what your message says. There are two ways to accomplish this. Each produces different information. You can test the clarity of your communication by asking others to tell you what your words are saying. This is a test of face validity similar to that which is frequently undertaken by a questionnaire designer to make sure that the words say what the writer intended. More important, however, is what we shall call

the Test of Image. You want to find out what assumptions, feelings others have about you as a result of what you have said.

One inexpensive and useful way to accomplish this is to contact the marketing department chairman at the local university and explain that you would like to work with one of the upper division or graduate marketing classes to conduct some marketing research. You will likely find that he/she will refer you to a faculty member or the student marketing association and before long you will have a captured group to assist you.

The task will be for this group to review your message (or perhaps a mock-up of your completed brochure) and in a pencil and paper test to write down a description of the consultant who would mail this out. A type of psychological profile will be the result. After you have collected the first reactions in writing you can conduct a verbal discussion with the group to get additional findings impacted by group process/pressure. You will likely be very surprised about what you have learned about yourself and your image. The information gained can be used to modify your brochure and make it more effective. The changes you are contemplating will serve as a good ending for the class which has given its time. It will provide a good instructional lesson and allow the faculty member to explain the theory behind your research.

4. Developing the Brochure. Now you have your words. What about the medium? Examine all potential media for what they will add or mean to your words. We shall assume that you will likely opt for the written word. Here the professional help of a graphics house may be a very good idea. This is not the place to save money. The few extra dollars you will invest in graphic design, typesetting (by computer based systems), quality paper (stock), and high quality printing will be more than repaid.

If one is developing a one-page (8½ x 11 inch), two side brochure and desires to print 2,000 copies of it, the cost differential between doing a so-so job and a really quality job may increase your per brochure expenditure from 5.5¢ to 6.5-7.3¢. The small additional expenditure will be well worth the payoff in results.

A discussion of graphics and graphic design is beyond the scope of this particular article. You will find, however, that most large libraries will have a number of volumes on this subject and you will certainly wish to consult them prior to doing your own graphic design. It may make sense to review the fundamentals of good graphic design even if you plan to buy

that capability outside.

One good way to select a graphics consultant is to find out the names of the individuals who have done brochures you have seen and determined to be particularly effective or attractive.

5. Distributing Your Completed Brochures. You should think about how you will distribute your completed brochures long before they arrive from the printer. As most of you know, I am not a big advocate of mass, unsolicited mailings of the brochure. Experience of many consultants suggests that this is not a big revenue producer and does cost a great deal. I would certainly advocate a test of this assumption. Mail out a couple of hundred to a standard mailing list and see what kind of results are produced. For the most part, however, you will probably find that your brochure is something you will want to leave with a prospective client after a face-to-face meeting or mail out after an initial written or phone communication where the prospective client has requested to know more about you.

The brochure is excellent to hand out when making a verbal presentation to a civic or professional group. It may also be mailed out the next day to those attending as a follow-up communication. Give thought too, to mailing a brochure along with a summary or transcription of your remarks about a week after your talk along with a letter that transmits the items indicating "that there were so many requests for a text of your remarks you thought you would send them to everyone."

In short, be creative. For those types of consulting where the broad market is likely to fully understand the nature of your consulting services (book-keeping service, computer programming, interior design, advertising, market research, etc.) you might give thought to small space ads in professional or business publications which would encourage readers to contact you to obtain a copy of your brochure.

PROMOTIONAL BROCHURES

Follow these steps for a better brochure:

- 1) On a scale of 1-to-10 (10 high) rate your brochure on each of the important checklist items which appear below. Add up your score.
- 2) Make a copy of the checklist (without revealing your scores) and provide it along with your brochure to one or more clients/associates/friends/strangers and seek out other evaluations.

THE CHECKLIST

1. The reader will find the message being communicated to be of great interest and value.
 2. The brochure concentrates on and dwells on the advantages that the client receives.
 3. The brochure uses simple and easily understood language.
 4. Important benefits of the service being offered are stressed in the headlines and made prominent.
 5. The message which the brochure communicates is very appealing and interesting to the reader.
 6. The brochure is very believable and the claims made are credible.
 7. The brochure is devoid of suspicious and questionable claims/promises.
 8. The brochure invites further inquiry and contact on the part of the reader.
 9. The brochure avoids long and hard-to-understand words, phrases and sentences.
 10. The brochure stresses the losses and disadvantages of not doing business with you.
 11. The brochure clearly and precisely states the disadvantages of not making use of your services.
 12. The major benefits which you offer to the reader are clearly and precisely communicated.
 13. The advantages and features of your service(s) are clearly explained for each benefit of utilizing your services expressed.
 14. The brochure is sufficiently unique and interesting in terms of its graphics and appearance and general style that it dictates reader involvement.
 15. The stock (paper) on which the brochure is printed/to be printed reflects quality and good taste.
 16. All the type fonts/styles used in the brochure reflect a strong, positive appeal and are both attractive and easy to read.
 17. The use of colors and/or tones (shades of color) reflect very strongly the feeling of quality and good taste as well as confidence.
 18. Promises or guarantees of reader satisfaction with the services indicated in the brochure are stated with precision and certainty.
- 3) If your total score differs by more than "45" from the total score of your other evaluator (or from

the average of your other evaluators) your brochure is probably communicating something quite different to readers than you think it is. You should be willing to live with this fact of life or make revisions to your brochure and run this test again with new external evaluators.

- 4) If the score on any one of the items differs by more than "3" from the score obtained by your other evaluator (or from the average of your other evaluators) you should certainly consider changes in your brochure which would result in less of a difference in a re-evaluation.

NOTE: It is always a good idea to test a brochure or anything you write for face validity. This would usually be done prior to this assessment activity. To test for face validity, you ask a child of about 10 years old to read your brochure and tell you what it says. If the child does not tell you what you thought you would hear, your words are not communicating what you thought they were communicating and you should change them and test for face validity again.

If your promotional piece cannot be well understood by a child, it is too obtuse.

DEVELOPING NEWSLETTERS FOR PROFIT OR PROMOTION

More than 25,000 newsletters are published in the United States. Of the 25,000, about 8,000 charge a subscription fee. What about the others? They are distributed without cost to the readers.

Newsletters are an excellent vehicle for the dissemination of information. They can be used quite effectively as a tool for promoting your consulting practice. They can also be effective as a means of consulting: a way to enable you to provide a great deal of information to large numbers of persons at low cost to each.

These are not mutually exclusive purposes. You might both sell your newsletter and also use it as a tool to promote your services. Nothing prevents you from providing it without cost to potential clients while selling a single copy or subscription to others.

Eventually we shall describe a step-by-step process to put you in the newsletter business. This process will be useful to you whether you plan to give it away or sell your newsletter.

I ask you two questions about newsletters to ponder:

1. If you are presently thinking about consulting as a face-to-face, one-to-one process, are there aspects of your consulting which could be delivered to (potential) clients through a less time consuming means--newsletters, telephone, personal letters, etc.?
2. If you see your newsletter as a tool for promoting your consulting practice rather than as consulting per se, on what topics, subjects could you provide information without providing the reader with valuable consulting advice given away free? Newsletters can be directed toward any number of different sub-areas in your field(s) of specialization: training, legislation, judicial decisions, new products/services, books, etc...

Following is the step-by-step approach to developing and distributing (or marketing) your newsletter.

1. Selecting the Readers or Market

If you plan to use your newsletter as a promotional vehicle for developing your practice, selecting the readers won't be very difficult. Your readers will equal your prospects for consulting. If you decide to enter the newsletter business to make profits (quite aside from any consulting business which it brings in) you may wish to select your potential market by asking the following question:

What identifiable group or sub-group exists for which information could be obtained and disseminated that is not currently served by a good source of information?

You will likely start out reviewing publications and newsletters in those fields which interest you the most. Probably a good idea. We might like to think that there exists some very rational approach for selecting a market or topic, but you will enjoy editing your newsletter much more if it deals with a field that holds your interest.

Spend some time at a few major libraries: main branches of public libraries in large cities, university research libraries, corporate libraries, etc. Examine the large number of publication indexes which will be found and take special note of the listings in the Directory of Newsletters.

A complete absence of publications may indicate a ripe market, but it more often will mean that you have identified a market where newsletters have not been too successful in the past. A little competition won't hurt you. Look carefully for voids that exist in the

information being provided. Let us assume that there are ten newsletters being published on a given topic, but no publishing group is doing one on judicial decisions in the field. The fact that a fair number of newsletters exists will serve to indicate that a market exists, that people are interested in paying money for information in this field. If you can find a part of the market or an area of interest which isn't being served you may have your ideal market.

Before selecting a topic it will be a good idea to write the publishers of all existing publications (magazines, newspapers and newsletters) in the field and obtain sample copies. (Tell them you are thinking of subscribing or wish to review).

Remember two important factors: Just because there is a need for information does not mean that those who could benefit from the information would be willing to pay for it. Second, you must be able to reach those who would desire the information in an economical way. Most newsletters are promoted through direct mail advertising or space advertising in other publications. To be cost effective in reaching your potential market requires that your group of readers (intended readers) be sufficiently homogenous to be reached. The alternative is to produce a newsletter of such broad interest that a large percentage of the population would have an interest in reading your newsletter. This allows you to promote just about anywhere with the expectation that your promotion dollar will be well spent. (For example: The Kiplinger Report, TV Guide).

2. Selecting the Subject or Topic

It should be obvious by this time that selecting the market and selecting the topic are closely related. You can't really think about the market without thinking simultaneously about the topic. There are, of course, exceptions. Some marketers have done well by selecting the market and then selling the market whatever could be sold. For example, you would find great success by directing all marketing efforts to a well-defined market--college students--and utilizing one of the most cost effective vehicles available for reaching the market--college newspapers. To sell such a market on a mass basis, however, suggests a rather limited range of products and services. But, it's been done.

Selection of the subject or topic requires consideration of the following:

It will not be in your interest to have your newsletter contain information of the type which will limit consulting opportunities. (If the newsletter is to serve as an alternative means of delivering

consulting services this won't likely be a concern.) Remember however, that more than 2/3 of all newsletters do not charge a subscriber fee and are thus being used to market something--often the services of a consultant.

You can still appear knowledgeable in the field(s) of expertise in which you handle consulting assignments without giving away the store. This is done by thinking of all the sub-fields for which valuable information will be desired:

- New Books in the Field
- Research Results
- Computer Applications
- Training Ideas and Events
- People News
- Patent News
- Judicial Decisions
- New Legislation

The point should be clear. You can take a very small sub-market of your practice or an allied market area in which you do not consult and provide useful data and information that is desired by your audience/readers and reflects your command of the field.

Select a topic area for which news (or other content) will be available on a regular and low cost basis.

Remember that we live in a society where people will pay to have information otherwise available summarized for more convenient reading/use. Time magazine began as a rewrite journal. It simply reprinted news from other sources and put it in a convenient format. Often despised by those from whom Time borrowed its news, it was many years after its entry into the field that Time hired its own editors and reporters. The successful Boardroom Reports takes a good share of its content from other publications, augmenting with its own special features.

Narrow your newsletter areas of concentration to insure that your newsletter is not too broad. If your newsletter is too broad it will not be specific enough to hold reader interest. Newsletters, by definition, are specialized publications.

Newsletter publishing companies typically keep each letter they publish narrow while doing an effective job of market segmentation. For example, a Washington based outfit, Capital Publications, produces several different newsletters in the education/human services area. One is a daily on education news for school administrators--successful enough that they came out with another daily

for higher education managers. They also publish several weeklies and bi-weeklies for related groups--vocational educators, special educators, counselling personnel, etc. Where does most of the news for the weeklies and bi-weeklies come from? You guessed it! From the dailies. Many school districts and colleges subscribe to several of their letters. That is pretty effective use of their editorial staff.

3. Developing the Distribution/Market Plan

The best newsletter is only as good as its readers think it is. The newsletter business is a selling business first and an intellectual pursuit second. That's true of all publishing ventures. If your newsletter is good it will be read. Your responsibility is to market or distribute the newsletter to those who will have an interest in what you have to say. It makes little difference whether you are giving away the letter to promote consulting or you charge a subscriber fee.

If you give away the newsletter you will want to start with your own circle of contacts. Make a list of those you know who will likely be good prospects to use your services. Be sure they are on the mailing list. This is a way to remind them that you exist and keep them aware of just how clever you really are.

As long as you are going to the trouble to write the newsletter you might as well send it to some people you don't know.

Work established mailing lists. Start by spending time in a good business library (university school of business, main branch of a major public library) and consult Standard Rate and Data's Direct Mail Rates and Data. Write to some mailing list distributors or get in touch with some mailing list brokers. You can reach almost any specialized group of persons through direct mail and pinpoint those prospects by just about any geographic, demographic or economic characteristics that you wish.

If you plan to market your newsletter you will likely find that the two best promotion techniques are direct mail promotion and small space ads in magazines, journals and newspapers.

In selecting mailing lists it is advisable to test the list to see how well it pulls. If the list contains 50,000 names try and buy/rent only 1,000 names and test the value of the list. Try many lists and attempt to gather some statistics so that you will have a data base against which you can measure the effectiveness of future lists you will use.

Small space ads in daily newspapers, The Wall Street Journal, and more specialized publications will often be

the most effective promotion means available. Space ads will allow you to effectively pre-screen prospects--reducing the cost of promotion.

Research suggests that the most effective way to market a newsletter is through providing prospective readers with a sample copy or sample copies of the letter. In direct mail promotion this is often done by sending the prospect sample copies (say, once a month for three months) and with each copy mailed solicit a subscription order. With the third and final sample copy the reader is informed that this is the last chance which they will have to receive the newsletter unless, of course, they subscribe.

In space advertisements the reader is usually provided with the opportunity to obtain a free sample copy of the newsletter by writing the newsletter publisher. The sample copy is sent along with information on how to become a subscriber.

When multiple sample copies are sent to a prospect over a period of time the marketing psychology is to help subscription sales through habitual readership.

To select good buys when it comes to space advertising you might well consult two other Standard Rate and Data Publications: Business Publications Rates and Data and Consumer Magazine and Farm Publication Rates and Data. Newspaper space ads? Review Standard Rate's Newspaper Rates and Data. These too will be found at a good business library.

Experiment and Research. Try different promotional schemes, different media and a variety of promotional messages. Keep records of your results. Many very good services and products never make it because their marketers give up too easily. Find out what works and repeat your successful strategies.

4. Obtaining the News or Subject Content

News is everywhere and more importantly it isn't that hard to make the news. There are many sources of news. Scan the list to follow for some popular sources of newsletter news. Get a grasp on just what news is as far as your readers are concerned. If your newsletter is on the topic of research in the oil industry keep your news limited to that subject. Gather news of every description from any place you can think of on your subject. Get on everyone's mailing list. The trick to success is to have more news than you would possibly know what to do with.

Pay important attention to people news. People are gossips. They love news about who got promoted, demoted, stolen, born, convicted, done in, etc. Witness

People magazine. The principle of success behind those throw-away, neighborhood newspapers is to mention as many people as possible, by name, within a given year. Ask your readers to send you people news. They are a great source of news and will greatly enjoy the opportunity of assisting you in providing news to the readers.

Another interesting source of news is the interview. You can provide interesting news through conducting interviews (in person or by telephone) with interesting personalities in your field or newsmakers that impact your field. Interviewees are usually pleased to be covered in the press and they will photocopy hundreds of your newsletters to hand out to "interested" associates and friends. Another advantage, then, is that they provide a free source of subscription promotion. Make sure that each and every page of your newsletter contains the name and address of the publication.

Traditionally, newsletters were just news and/or insider information. In those days the technique of newsletter prediction was developed and it remains a popular technique today. Readers love prediction and predictions are easy to make. Events may be predicted by use of historical probability. If fifteen out of the last eighteen times that freight car loadings declined month-to-month, the rainfall in Milwaukee exceeded three inches the next week, you may be on safe ground making the same prediction in the future. (I would hope that your predictions make a bit more logical sense.) If you still don't feel confident you can use the hedge in combination with historical probability or alone. The hedge, commonly used by television news reporters suggests that insider information assures that X will happen, unless, of course, Y or Z should also occur.

Some sources of news for your newsletter are:

- New product literature
- Magazines
- Newspapers
- Press releases
- Other newsletters
- Copies of speeches
- Government, university research reports
- Interviews conducted by you on the phone,
in person
- Clipping service
- Congressional and legislative digests
- Trade association reports
- Convention, trade show manuals
- University and research institute monographs

Technical journals
Corporate and government publications
(house organs)
Government procurement information (Read the
Commerce Business Daily or get on the
mailing list of government agencies to
be notified of their procurements)

5. Writing the Newsletter

If you have done your job right up to this point, it will all be downhill from here. Your news prospecting tactics should have filled your mail with hundreds of potential news items. Select some regular categories of news that you will feature with each issue. For example: Industry meetings, conventions and trade shows; people news; new products; financial and merger news; legislation-judicial decisions; international competition; etc. Force all of your news items into one of the pre-selected divisions or categories you have designated. For each category, rank the news items in terms of their importance to your readers. Devote one page or a half page to each of your categories. Sit down at your typewriter and begin re-wording or interpreting the news.

The mere crush of the news available vs. the space available will force you to be terse and to the point. Use a catchy, quick writing style. Formal use of English in a newsletter is not expected or required. Space is dear and you have a lot of news to communicate.

One effective and often used approach is to present the news item in regular type and follow each news item with a paragraph of interpretation done in italics.

Design an easy-to-use format for presenting the news. Keep it simple. You have to live with it.

There are a few psychological factors in terms of format and style. The theory of newslettering (if there is a theory) says that you should always type, not typeset; use one color and not multiple colors, avoid expensive stock (paper) and limit graphics to the simple and inexpensive. In addition, half-tones (photographs) should be avoided. Why? A newsletter should suggest to the reader that the news is new, up-to-date, and recent. Expensive appearance, it is thought, suggests that the newsletter was longer in preparation and hence the news is older.

This is probably not true. Good graphics, typesetting and the like probably take no longer today. But, we are talking about what people think is the case and not about reality.

6. Keeping Readers/Subscribers Happy

If you are utilizing your newsletter as a means of

promoting your consulting practice, it will obviously be important to have your newsletter contain good information and look sharp. For everything you do or say, including your newsletter, your readers are entitled to receive value equivalent to the fee paid. And, it will be good business to have them saying 'this is better' or 'this is more than I expected. I really made a wise expenditure.' Keeping readers happy will be important for subscription renewals.

7. Setting the Subscription Price

The price which you charge subscribers should be based on what the market will bear. The minimum price, however, needs to take into account the fact that you will have certain costs. Your price for a subscription should cover the following costs: direct expenses (paper, printing, postage, envelope, mailing service, etc.); overhead (office, list maintenance, typewriter, secretary); your time; and provide a reasonable profit.

Remember, you are setting the price for a product and not establishing a rate for professional services. Thus, while establishing a price that will produce the most profit you must deal with the old volume-price relationship.

If the market for your newsletter is inelastic, a higher price will produce greater profits. If elastic, higher prices will reduce volume and at a certain point will decrease total profits. How do you know which is the case? There is no certain way; but by testing different prices you can find out.

Remember too, you will incur certain marketing expenses.

A very important component of your long-term profitability will be the percentage of subscribers renewing after the first year, the second year, etc. A strong renewal rate will hold down future marketing costs on a per subscriber basis.

Communicate with your readers. Find out what they like and don't like. Give your readers what they want.

THE INTERNATIONAL MARKETING OF NEWSLETTERS by Lawrence Gasman

An effective way for a U.S.-based consultant to reach the international market is through newsletters. Whether the newsletter is priced or used as a promotion, some special points to consider when marketing newsletters overseas are:

- 1) The content of the newsletter must be relevant

to overseas readers. To be read, a newsletter must contain information useful to a potential reader. This could pose some problems for a newsletter already serving a specifically American market. But, even then, if it reports on new products, new books, research results, computer applications and training ideas, rather than on personnel news and local opportunities, it could easily find an overseas audience.

News of specific interest to these new readers can be culled from major overseas publications in the field and published on an overseas news page. Ulrich's International Periodicals Directory is the best source for finding out what publications are already operating in the foreign market. National periodical directories are often more comprehensive but are difficult to obtain in the U.S.

A quick look in Ulrich's would tell the publisher of a packaging newsletter, for example, that the two leading periodicals in this field in Britain are Packaging Review and Packaging News. A subscription to both would cost only \$35.00 and could be the key to making the newsletter of interest to the British market.

Some newsletters pick up on foreign news particularly efficiently. When I carried out a telephone survey of U.S. readers of a British newsletter in the field of library science, I discovered that the readers considered the coverage of U.S. News to be better than in similar American publications.

Foreign news adds a new dimension for U.S. readers, too. Widening the scope of the newsletter can boost the U.S. readership, even if this is a secondary consideration.

2) The newsletter must seem at first glance to be important enough to draw overseas readers from more familiar publications. Good design, printing, and quality paper are vital when marketing a newsletter internationally, especially when the newsletter is being used for promotion. Reading a foreign-based newsletter will remain of minor importance for most. Good presentation can help to give the message, "I am authoritative--read me!"

3) If the overseas market is a secondary one, it need not be large. The absence of "native" competition could mean that newsletters have failed in the past because the market was too small to support them. This will not matter too much if the fixed costs of producing the newsletter are covered by the existing U.S. operations. The marginal cost of a newsletter is small--just the cost of paper, ink and postage. However, obviously the larger the market the better.

This is particularly true where the newsletter is for promotional purposes, since the percentage of those receiving the newsletter who respond by making purchases is likely to be less than 10%. Although somewhat incomplete, Ulrich's is a good guide to competitors in the overseas market.

4) Obtaining lists for overseas direct mailings is not always easy. Standard Rate and Data's directory of mailing lists contains only a few overseas lists. There are mailing list houses in most Western countries, but their lists are usually less specific than we are used to in the U.S. Another possibility is to buy subscription lists from existing publications in the field (see Ulrich's) or membership lists of overseas associations (see the Encyclopedia of Associations, for a somewhat incomplete listing).

5) Even when the newsletter itself will be published in English, promotion should be in the local language. There are some advertising agencies which specialize in producing non-English advertising campaigns but they are expensive. A freelance translator is a cheaper option.

Make sure that proper names mean nothing offensive in the foreign language. The advertising industry is full of funny stories about this. Remember that the name "Exxon" was arrived at only after the company had spent a vast sum of money to find a name that was meaningless in all languages!

6) Overseas promotion must take account of cultural as well as language differences. Even given a good idiomatic translation, what sells in one country will often fail to do so in another. Two-page sales letters for example, which are not uncommon in this country, would be considered a bit excessive in Europe. A translator who is also familiar with business practice in the area being marketed can be a great advantage here.

7) When entering a foreign market with a priced publication, a good rule of thumb is to price at the median for "native" publications in the field. This may not always be possible. High overseas postage must be covered. Also, there should not be too much differential between overseas and domestic subscription rates. Ulrich's can be used to discover the subscription rates of overseas competitors.

8) Make it possible for subscribers to pay in overseas funds. A commercial bank will have no problem in arranging exchange facilities for the newsletter publisher for major world currencies.

9) Try to find a contact in the country where it is planned to market the newsletter. A contact can help to promote and distribute the newsletter, perhaps on a commission basis. He can also act as a newsgatherer, make direct contact with readers and report on the activities of competitors. Another useful role that can be played by an overseas contact is to remail newsletters locally, thereby saving expensive airmail postage.

Where the newsletter is used to promote consulting services, an overseas contact can act as a representative with whom a prospective client can get in touch.

How to find such a contact? Existing business associates are perhaps the best place to start looking. Failing that, other consultants and newsletter publishers are a good second bet (The Consultants and Consulting Organizations Directory, published by Gale Research, gives a good list of overseas consultants). Since it is always advisable to meet someone personally before establishing a business relationship, a tax-deductible business trip abroad might be in order. If this can be combined with attending a conference or convention, so much the better. An overseas conference can provide the opportunity of meeting with others in the field, making contacts and--above all--promoting the newsletter.

10) The American consultant is at an advantage. Consulting is often perceived abroad as an industry in which the U.S. leads the world. Possibly this is because virtually all the large firms in the industry are American in origin. It is not unusual for a European firm to call upon the services of a U.S. consultant, but the converse occurs much less often.

All these factors combined, the rewards of international consulting and newsletter publishing for American consultants, can be great.

THE INTRODUCTORY LETTER by Margo Landrum

You're introduced to a new salesman. Do you judge him on the quality of his handshake?

Sure you do, if you're like most of us. His voice, the force of his grip, the feel and look of his hands, the expression in his eyes, his smile--they all coalesce into that important first impression. (N.B. This article will use "his" throughout for the sake of simplicity--no sexism intended.)

Your letter of introduction to a potential client has the same power of instant persuasion. Similar qualities are represented, the same impressions given. Bear this in mind, and you'll avoid the "limp fish" letter.

1. The VOICE of your letter, like the salesman's voice, sets the tone, gets the client's attention, establishes rapport. The first words, whether written or spoken, imprint your personality. The first two or three sentences should interest him, let him know who you are, give him an idea of what you can do for him. How you get this information across is the voice of your letter.

2. Make your GRASP firm and purposeful. This verbal contact, like a physical grip, lets your client know you want a further association with him. Tell him why in straightforward terms. (Don't shake his arm for five minutes, however, but only for a few sentences.) And in figuratively grasping his hand, be careful how hard you squeeze. To-the-point doesn't necessarily mean hard sell.

3. Like it or not, superficial qualities such as APPEARANCE often create deep impressions. If that new salesman has dirty hands, broken or chewed nails, or the remains of a chocolate bar in his palm, you won't remember him for his knowledge of his product. He'll probably be known as "Oh, you remember that guy, the one with the sticky palm."

The same holds true with your letter. A well-designed letterhead on a good bond paper, a fresh ribbon in the typewriter, and a lack of conspicuous typing errors, all contribute to a generally professional, successful appearance. The overall "look" of your letter is perhaps the easiest, simplest ingredient, and the most conspicuous by its absence.

4. The smile, the expression in the eyes, the posture--they all contribute to the ATTITUDE of the handshake, and go a long way in denoting friendliness, enthusiasm, energy. An introductory letter, too, carries an attitude. If you take pleasure in using every fifty cent word in your vocabulary, if you omit the ordinary phrases of good manners ("please", "thank you") and if you deal with generalities rather than specifics, you'll probably come across as stiff, pedantic, and a general windbag. But if you're conversational, deal with facts rather than clouds and rainbows, and show consideration for the client's time and attention your verbal handshake will probably lead to a personal handshake.

5. The general STRENGTH of your handshake reflects your physical makeup and present mental attitude. The strength of your letter, too, reflects its factual contents and positive objective. So don't neglect content for charisma. That nice, firm handshake must have a substantial skeleton.

What are the bones of the skeleton? Who you are, what you do, how you can help the client, why he should deal with you further. But more about that later--the conversation comes after the handshake.

A brief checklist:

1. Did you have something important to say, some information that can save your client time or money, bolster his sales, increase his authority and knowledge, improve his health, etc.?
2. Did you mention why you, you particularly, can help him? Did you show some personal authority in terms of experience, knowledge, talent, achievement?
3. But did you hold something back, only give him part but not all of what you have to offer? (Let him smell the pie, but make him come in to have a bite.)
4. Did you convey a sense of urgency, so he'd answer now?
5. Were you brief and concise, or did you ramble on and lose him along the way? (In most cases one tightly written page is a good rule of thumb.)
6. Did you keep his point of view in mind throughout, remembering you are there to help him?
7. Have you aimed for clarity, rather than an impressive literary style?
8. Did you strike a note of friendliness as well as business? (Try typing your full name in the closing, but signing only your first name above it. You won't offend the individual who believes in a bit of professional distance, and neither will you put off the person who wants to be "liked".)
9. If you used a comparison or an analogy, did you carry the idea throughout and make your ending recall your beginning?
10. Did you include some human interest, an anecdote, a common problem, your understanding of his situation?
11. Did you vary your writing with different sentence lengths, an occasional question, paragraphs of different sizes for visual interest?

12. In your closing, did you mention a followup letter, call or visit?
If you answered yes to all twelve questions you probably left the reader feeling that he's found a knowledgeable authority who wants to work with him, who can help him.

ENGAGEMENT LETTERS

It is a good idea to provide your client with a letter which acknowledges the engagement you and the client have agreed upon.

There are several features which such a letter should contain. Chief among them are:

1. Acknowledgement of the time and place where the first formal/work meeting will take place.
2. Specification of the purpose of the first meeting and the purpose of the consultation in general.
3. An indication of the time or duration which you expect will be involved in the consultation or a statement as to why it is not possible to provide such an estimate.
4. A communication as to what the fee will be for the services to be provided, if possible. Or, an indication of the basis on which the fee will be charged.
5. Specification of the payment arrangements as well as the invoice schedule. In the past consultants have tended to be satisfied by just telling clients when the invoice will be sent, leaving so called "trade custom" to govern when payment will be made. With trade custom increasingly turning into 60 to 90 days or more it is a good idea to inform the client, and obtain his approval, for a more reasonable period of time between invoice date and payment date.

EFFECTIVE USE OF THE TELEPHONE IN YOUR PRACTICE by Mike Burns

The telephone in your practice is a valuable and often overlooked tool which can be used to generate income and reduce expenses. When used correctly, the results of employing telephone techniques can generate as much as five times more business than direct mail. This is so because with the telephone you have

all the benefits of face-to-face communications without being there. You can make proposals, answer objections, and even close deals using the telephone.

In my work with organizations throughout the world, I have seen associations add 50,000 new members, charitable organizations raise 10 million dollars, political candidates get elected, and companies sell a million dollars in products/services, all using the telephone. You too can capitalize on the telephone techniques that these organizations use to be successful. Let's take a look at some of the ways you can put it to use.

1. Identifying, Qualifying and Soliciting New Clients--The telephone can be used for calling prospective clients to introduce yourself and your services, inquire about the nature of the prospect's business and their possible need for consulting services, and actually offer your services to the prospective client (propose a consulting contract).

2. Generating Business from Former Clients--The telephone can be utilized in contacting former clients to rekindle old relationships and stimulate additional business. Here the important aspect is keeping the relationship alive by letting your former client know that you are still interested in their business and its needs.

3. Provide Consulting Services--The telephone can be used as a communications medium to provide guidance, direction, advice, and information without you personally having to travel to your client's location. In fact, it is possible to identify your client, qualify your client, negotiate a contract, provide your consulting services, and receive your fee all using the telephone without ever having to leave your office or home. In addition, training courses can be run very successfully using the telephone as the delivery vehicle.

4. Marketing of Your Miscellaneous Products and Software--Associated with your consulting business, you probably have booklets, manuals, newsletters, seminars, etc. which you provide at a fee to your clients. The telephone can be used to sell your products to a wide variety of prospects cost efficiently.

5. Teleconferencing--You can use your telephone and the Conference Operator to place multiple party conference calls to clients, organizations, funding sources and other parties to reach collective decisions and actually hold meetings without being there.

6. Collecting Overdue Accounts--You can reduce your accounts receivable and speed up collecting your

delinquent fees by using the telephone. And you can do it without alienating your clients.

How can you begin to use the telephone? First of all, you have to decide which areas in your consulting practice need help. If you are having difficulty acquiring new clients, then you will probably want to begin with a new client solicitation program. If you have plenty of clients but find that you don't have enough time to spend with your clients, then telephone consulting should be implemented to extend your resource coverage.

After you have identified the area in which to try using the telephone, then begin by developing a telemarketing plan. In the plan, include your objectives, prospect list, procedures, script, costs and tracking. Once you have your plan outlined, then begin gradually. Start out testing your script or what you say when you are on the telephone. Based upon the responses on the other end of the line, modify your script until you are receiving favorable responses. Through time you may find that the telephone programs may even be delegated to a secretary, associate or clerk, as long as they maintain your professionalism and receive favorable responses.

Must I buy a lot of equipment? Absolutely not. The best way to begin your telephone program is by trial testing a script using the telephone you already have. Chances are the telephone you have is not being used 50-60% of the day anyway. If your program is super successful, then you might consider adding an extra line to provide incoming callers with open access to your firm.

Remember as you are building your telephone program, the benefits (income generated or expenses reduced) must outweigh the costs of the program. Therefore, you must keep track of the sales you make over the telephone and the costs of your time and the telephone in closing them.

ARE YOU MANUFACTURING NEWS?

When the President of the United States (and a few others) does or says something it is news. It doesn't have to be manufactured. For most of us, perhaps sadly, what we are doing and saying isn't news. It isn't until we make it so.

Now, I am not saying that everything you are doing or saying is page 1 stuff for The Wall Street Journal, but it may well be news for the trade and

professional publications in your field of specialty.

You should be commenting on general social, economic and political trends of the day as to how they impact your field of specialization. You should be commenting on what leaders are saying as to its impact on your field of specialization. You should be doing survey research and opinionnaires on what people in your field are saying, thinking.

And what do you do with all of this data? Put it out in the form of press releases to the trade and professional publications (including newsletters) in your field of specialty. Help yourself become a name. When people see you quoted and noted it enhances your image and reputation. More potential clients contact you. And for those too shy to contact you, it makes you known when you do take the initial step of contacting them.

LONG RANGE MARKETING DEPARTMENT

When was the last time you visited the local university campus to speak to the students taking formal, professional education in your field of specialization?

They are your future clients! There are even some executive and graduate degree programs that are attended by your current clients.

Not only is it a means of promotion for you, but it's a help to their education. The instructor, usually, appreciates a little "real worldism" for the students. It is a good contact for you. Professors are often contacted to handle consulting. If it is outside their area of interest/specialty; if they don't consult; if they don't have time to handle the assignment--it could mean a new client for you.

INDIRECT MARKETING by Largent Parks, Jr.

Much has been said and written on the subject of marketing consulting services. Most published articles deal with direct forms of selling designed to produce an order shortly after delivery. I use direct marketing in my firm, but I also believe consultants need to practice indirect forms of keeping their names before their various publics in a favorable light. Indirect marketing produces profitable sales even though

it is not always easy to relate the action with the sale. I like to think of this form of marketing as promoting oneself. That is a series of actions designed to give light and thereby make yourself highly visible to potential clients.

Some call it "p.r.", while others may think of indirect marketing as a form of advertising. The truth of the matter, it's both. Call it what you will. However, so that you will recognize indirect marketing, here are some samples.

Use the print media by writing articles, columns and books. For example, I have authored a financial column published monthly in Southwest Airlines Magazine and other similar publications, for the past two years. I am paid for this, but would gladly do it free. It gives me exposure to hundreds of thousands of business leaders every month. These magazines give me credit lines telling the reader who I am and the name of my firm. I also write columns appearing regularly in several trade publications. These are "freebees", where the editors give me and my business credit. Some of these magazines have given my organization free full page ads in consideration of my regular contributions. They help me because I always meet deadlines and keep them well stocked with a backlog of columns. The more I write, and the more I am published, the more I hear from prospects--many of which, sooner or later, become profitable clients.

If you do not have the skills necessary, or the time needed, to be published, you can always hire ghost writers for a nominal fee. People remember articles published over your name while a lot of paid advertising goes without notice. During the past two years, I have received enough coverage through my articles to equate to several hundred thousand dollars of paid advertising!

Speak up and be seen and heard. Let organizations, clubs and others know you are available for seminars, after dinner talks and speeches. Program chairpeople are always looking for a free speaker with a worthwhile message. Develop an interesting talk and work on it until it comes across professionally. You may tire of hearing it over and over, but it will always be new and fresh to each audience. Groups like the American Management Association will pay a small fee for speaking services, but, like in the case of writing, don't worry about the fees. Think about the exposure to potential clients. Making speeches and writing articles make you an instant "expert" in the eyes of

your publics. When these people need a consultant in your field, they think of you.

Be active in clubs and organizations. Be a joiner and get involved in the types of groups where your potential clients may be found. You can carry this one a step further by organizing clubs, societies, etc. It will take some time and other resources, but the contacts you make and the people you influence will repay you many times over.

And what's the pay off? I am convinced these activities bring in clients and profits for my consulting organization. Account executives associated with my organization tell me they have landed numerous clients and earned substantial fees directly traceable to an article, a speech or some other indirect form of promotion. It's reassuring when you make a cold call and the potential client makes favorable comments about an article he has read, or a speech he heard you make, or some other reference to your self-promotion activities. I have had new clients tell me they contacted my firm because of an article they read a year or two years before. I can't recall many clients saying they decided to use our services because of some paid advertising they had seen.

PROMOTE YOURSELF WITH TAPES

Several years ago I sponsored a seminar on Executive Search. I selected Phoenix as the site because General Cassette is located there. I hired them to record the seminar and reproduce it in a series of cassettes.

The seminar was not profitable, but I didn't mind that. I was more interested in getting tapes made which I now offer for sale. A large percent of those who buy the tapes also retained my consulting services. The fact I have not made a profit on the tapes is incidental.

Some tape buyers have become associates in my organization while others have called on me for joint work, consultation, and provided me with other profitable activities.

I consider seminars and tapes as "loss leaders" and a key part of my indirect marketing program. If I should make a profit on these services and products, that's all right too. But I don't count on it.

SHOULD YOU WRITE FOR PROFESSIONAL JOURNALS? by Robert McCord

Since as a consultant you probably write reports in the course of client projects, writing journal articles is an easy extension of that report writing. In fact, there are no doubt two or more aspects of any consulting project which can be treated individually, written up, and published in the type of periodicals your clients and potential clients read. So, consider your last project and any aspect of it that might have considerable merit for an audience that stands to benefit from your expertise.

Inspiration certainly need not come from your projects. Journals in your field may contain pieces that set you to creative thinking. Another's article on personnel job descriptions, for example, might prompt you to write a few pages on job performance standards. Or a piece on the benefits of EOP in a small business might trigger your thought processes for writing on the merits of leasing vs. purchasing a computer. No matter what the source of your topic might be--experience, reading, research, conversation--development of that topic into an article worth reading should be your ultimate concern. And you needn't be overly concerned that your topic is especially novel or thought provoking. As Samuel Johnson once observed, "Men more often need to be reminded than informed". Many journals find it useful to run similar pieces on the same topic on a recurring basis. If they can't use it now, chances are they'll welcome your piece in 6 to 8 months.

But don't waste time at this point actually writing the article. For one reason or another you may not be able to unload it and you'll be very reluctant to write another. For now, outline your piece, organizing it, estimating its length, deciding what it should/should not contain. You want to have enough familiarity with your article to satisfy editor questions while being open to suggestions for modifications. Such changes could play havoc with an already prepared article.

With that outline you can begin to learn who might be interested in publishing your article. Without it (or in some cases, a rough draft) you'll find editors don't get too excited about a "neat idea for an article" when they have nothing in writing to review. At best they'll encourage you to "send us something"; at worst, they'll simply express non-interest, for the idea or for the way you presented it: not too clearly. After awhile, when an editor is familiar with your

style and content of articles, merely indicating a new idea to him/her may be all that's needed for you to get the "go ahead" on a piece. Initially, you'll need at least an outline to serve as introduction to a prospective editor.

Finding suitable publications to which you wish to introduce your writing calls for research and inquiry. The first usually involves becoming familiar with those journals which contain articles similar to yours and are read by the audience you wish to reach. A business journal may be written entirely by staff members with a readership of professors, graduate students, and research organizations. If you want to reach people in business, such a periodical is not likely to be a viable vehicle.

Spend some time in a business library and/or send away for journals in your field. Review them well. Check the by-lines. Do other consultants contribute articles? Read the articles. Are they of the length, tone, and quality you have in mind for your pieces? Look at the advertising. Are the products/services the type your clientele buys/is interested in? Finally, review the listing of staff writers. Are there many in-house writers and contributing editors? If so, perhaps the journal receives a constant flow of usable material from reliable sources and contributions from other authors are not encouraged. Or maybe the publication relies extensively on outside contributors. A little research will help you select the few publications which merit your inquiry.

One fine, easily obtainable research information source is the Writers Market handbook published each year. Publications are listed according to area/topic matter and provide a wealth of information on those journals for which you are interested in writing. A typical listing will indicate the publication's readership and circulation, whether or not freelance writing is welcome, acceptable topics and article lengths, if payment is made for articles published and rates that apply, and other helpful data. Some journals will send sample copies and writer guidelines/standards for your reference in submitting material. Picking up this \$15 volume at your bookstore is sure to save you some time and effort in identifying promising markets for your writing.

The next step is to inquire. If you call first, you're sure to learn if the editor is at all encouraging. If not, you save postage and time; if so, follow up at once with your outline or whatever the editor requests. If you initially inquire in writing, enclosing your outline, don't be too surprised if you don't receive

a quick-or-any reply. Some publications have small staffs who may be hard pressed to get the next issue to press let alone zip back replies to inquiries. Others are so inundated with submissions and haven't the staff to review them all that it takes awhile to receive comment on your material. I'm still trying to get beyond the "Readers" at one large publication but it seems that my articles arrive just as another piece on the same topic by another author is due to appear in the upcoming issue.

That exercise in frustration carries its own moral: If you're gonna write, write right now. Waiting to think, to outline, to inquire and finally to write could mean spending time on a piece somebody else has already put together. Not even a rejection slip is as infuriating as seeing your ideas emerge from the end of another writer's Bic pen and on to the printed page.

Once you do get the green light for your piece and depending on the journal's requirements, take care that your article is so written that it says enough without saying it all. You want it to be self-contained with the sufficient information to help the reader, but without all the information so that the reader--the potential client--has reason to contact you. After all, in most cases article writing is an element of your marketing campaign. If you put out a definitive piece on a particular topic, clients may have no reason to give you a call. Yet an article that actually says nothing, provided it gets by the editor in the first place, is not going to do your marketing effort much good either. You're apt to find your reputation, both as writer and as consultant, suffering. The key, then, is to load the article like you'd load a musket--enough gun powder for hitting the target but not so much that you'd blast yourself in the shooting.

But what if, as the novelist William Styron has sometimes lamented, "the words won't come"? Having an idea and not being able to get it down on paper is not unusual but it sure can eat up time and energy. In those instances it might be worth your while to call in a freelance writer or editor (if you've got something for him to edit) and have that person get the article roughed out based on your dictated thoughts. You can then edit, polish and put the piece in final form according to your style. This process might serve as a useful, gradual development of your writing skills. The articles I've written/edited for other consultants have often given

rise to that stepping stone approach. For them, perhaps for you, it's a way of seeing before doing, of gaining confidence in something so personal as writing skills.

At last, though, the article is accepted and published. What's it get ya? Exposure--free circulation of your credentials to thousands of potential clients who'll see not only your thoughts and by-line but, with many journals, your picture, brief bio, and address and phone. Reputation enhancement--you're now an author, probably regarded as an authority in your field, certainly on the topic of your article. Marketing material--most publications give you a certain number of article copies; if not, you can certainly make your own or buy glossy reprints for promotional mailings, etc. Money--many publications for articles, enough in most cases to compensate for some of your time or for services of freelance assistance. Opportunities--clear route to the editor for more articles, as well as invitations to be a contributing editor to the journal, to author monthly columns or other regular features, to write a book; requests to speak on article (or other) topics; and calls from potential clients interested in how you can help them.

It works. Writing for professional journals can generate business for you. I've benefited in each of the above areas--from calls to book offers to authoring my own monthly column--principally because I've found publications in my field of expertise which are happy to have good articles from consultants. Such publications exist in your field and are waiting for you to contact them.

HOW TO START YOUR OWN PROFESSIONAL ASSOCIATION

The following is a case study of how a consultant began his own professional association as operational base for the delivery of consultant services. Some of the details of this study have been disguised to protect the proprietary interests of the specific consultant.

After seven years of successful career experience in the Chicago area as an administrator of a national professional association, Mr. Towers found himself living in Dallas. The move came about as a result of an excellent career opportunity for his wife, a health care professions authority.

Following three months of job searching for a similar position, Mr. Towers sought out my services. As he explained, a number of most interesting opportunities had come his way, but none had provided the amount of income which he felt he deserved.

After about an hour of give and take, I asked an elusively simple question: Why not start your own professional society? In doing so, I pointed out, you could test your abilities and worth in the market. Let the market decide whether they are willing to provide sufficient dues payments to provide for the delivery of association services and pay you the \$30,000 a year income you desire. Mr. Towers was taken by surprise. The idea, at first, seemed to be outside the realm of reality and reasonableness. But upon further analysis and discussion it became not only reasonable but viable. I suggested a market test of the concept of starting a professional association prior to his investment of a great deal of effort and Mr. Towers agreed.

A market test, direct mail promotional campaign to 700 known professionals in a field that lacked a professional association was undertaken. Some 700 professionals, unorganized but with a seemingly strong interest in professionalism were invited, by a total stranger, to become members of the "new" professional association. The required investment of \$45 a year would provide them with a subscription to the three-times yearly journal, the opportunity to attend the national meeting and a membership card. Without the benefit of the follow-up promotion typical in such organizing campaigns, some 43 (just more than six percent, a healthy return on any kind of direct mail campaign) mailed in a check for \$45.

As there were some 11,000 such professionals in the field, with the assumption that the capture rate would be nine percent on the first promotional round with a follow up campaign, a total number of 990 memberships could be expected at \$45. This would produce total revenue of some \$44,550 per year. After the cost of operating the Association--clerical, journal, etc. it might be expected that the sum of \$27,000 would be available for a director's salary.

This was, of course, a test. The funds collected from the 43 test subjects were returned. Mr. Towers had sufficient confidence in the fact that he could start his own professional association--representing students enrolled in schools of law. After one year, the number of members was equal to 1,301 each paying annual dues of \$40 for total revenues of \$52,040.

The dollars available for director's salary and unrestricted reserves were \$38,445.

The professional association was operated as a not-for-profit organization, but, it should be noted, others have been set up as profit-making companies. It should also be pointed out that there are many other ways to obtain income from a professional association--outside consulting by the director, rental of exhibitor space at the annual meeting, sale of the tape recorded presentations at the annual meeting, library subscriptions to the journal or newsletter, member charges for participation in the annual meeting, etc.

If you wish to represent the interests of a group in this society there is nothing to say that the group must be formed prior to your taking an interest in it.

CHAPTER IV.

PROPOSALS AND PRESENTATIONS

A SIMPLE CONTRACT MAY BE THE BEST CONTRACT

I'm an advocate of the written contract between client and consultant. A very simple contract is usually all that is required to provide both parties to the relationship the kind of protection necessary. The contract does not create the relationship, it only evidences the relationship. The contract illustrated below has been used with success for several years between a major non-profit client and a consultant. If it seems good from your vantage point, think about checking it out with your legal advisers.

CONTRACT BETWEEN (CONSULTANT) AND (CLIENT)

_____, management consultant, will perform the following services:

1. Provide support and leadership in organizing and restructuring of departments and other such administrative units for effective and efficient functioning of (client).
2. Provide advice and counsel to top (client) management in all matters pertaining to organizational development.
3. If and when deemed necessary, study, recommend, implement and perform Organizational Development (OD) functions at the discretion of the top management.

4. Be available to upper management staff for consultation in matters relating to functional growth through long-range planning and development of departments and other such administrative units.

5. At the request and discretion of upper management and the approval of top management, provide support services to any and all administrative units in areas of expertise.

6. Initiate and take leadership in providing meaningful recommendations to top management for the overall growth and development of client.

7. Accept any other relevant assignment deemed necessary by both top client management and consultant.

8. Responsible to: (client manager), Administrative Vice President, (client name).

9. Terms: Initially, the contract is for a maximum of 200 days, covering April 16, 1979 to April 16, 1980. Consultant, for his services will be compensated @ \$185.00 per day. Client will deduct taxes and Social Security. This contract may be terminated by either party upon 30 working days written notice. Consultant will bill client approximately every two weeks.

Signature of Consultant Date Signature of Client Officer Date

This contract works because the parties want it to work. The contract does not run for the full year. The terms of payment are re-negotiated about every five or six months. The contract specifies that the consultant will do about anything the client wants at a set amount of money and specifies a termination time clause.

A contract does not guarantee continued income; the best contract will be of nominal practical value if the quality of understanding and agreement between client and the consultant should deteriorate. The consultant can always sue the client, but the cost of a law suit may be greater than the benefit to be obtained from success. The risk the consultant may take in terms of legal expenses can be too great a burden to even make legal action a viable alternative.

Although not stated in the above contract, the client provides for all expenses of the consultant including clerical

support, office, telephone, travel and entertainment. The consultant uses client offices for services provided to other clients as well.

DEVELOPING WRITTEN PROPOSALS

The written proposal is an important part of selling your services. Although not always required, some form of written proposal is more common today than in the past. The purpose of this lengthy article is to provide the reader with detailed guidance on the preparation of effective proposals. Proposals which not only sell your services, but also avoid the pitfalls which result in giving away services without adequate charges are the goal.

1. The proposal should only be developed when you believe that a sufficiently good opportunity for success justifies the expenditure of time and effort.

2. The proposal is a device for communicating complex ideas. The format of the proposal should be dictated more by the complexity of the communication job than by the ideas themselves.

The proposal must communicate your ideas in such fashion that the reader (the decision maker) is convinced that you can achieve that which you propose within the budget, estimate or fixed price you quote.

3. You must convince your client of the following:

The need for or purpose of the consultation is very important. Failure to address the need or problem will result in harm to the client's interests and may well be progressive in the rate at which harm will be felt to the client's interests.

The goals and objectives which will guide your work are the correct or proper goals and objectives to reduce or eliminate the problem or make the need for the consultation go away.

The procedures which you are advocating will lead to the accomplishment of the objectives (with sufficient likelihood) and also, there exists no other set of procedures that could accomplish the objectives more effectively, more efficiently or with greater likelihood.

4. CAUTION. You must accomplish this without being so dis-
closive that you give away your services without charge.

5. Begin your proposal by thinking about the total project
or activity which you will undertake for your client.

The proposal for consulting is usually divided into three
sections (at least conceptually): the Proposal Front Section, the
Proposal Main Section, and the Proposal Conclusion. Each section
has its purpose.

The proposal front section is designed to lead the reader
into the main section and has as its communication task the
following: A demonstration of your understanding of the purposes
of the consultation, the need for services which the client is
experiencing, the objectives and purposes which will guide your
work and the specific accomplishments which will result. In
addition, you will want to create in the mind of the client a
mandate for action and also assure the client that you alone are
the best choice of all possible sources for meeting the client's
needs.

The proposal main section contains three elements: A pic-
torial description of the work you will do for the client, a time
line which will communicate to the client a schedule for comple-
tion of the component parts of the work you have outlined, and a
narrative statement tied to the project description which details
the results, accomplishments and benefits to be achieved by your
work as well as the general approach to be applied.

The proposal main section is the heart of the proposal at
least as far as the proposal is a selling tool. It is in this
section that the consultant demonstrates his/her conceptual
approach and explains the benefits to be achieved.

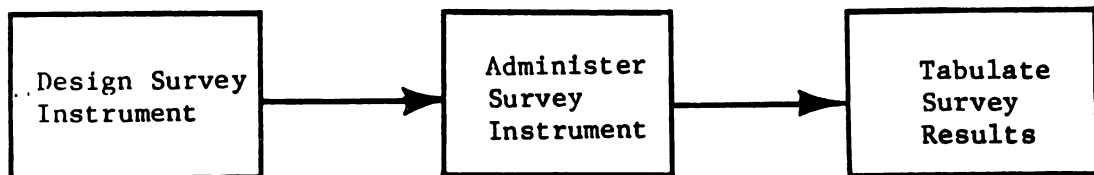
The proposal conclusion should deal with such things as a
statement of your experience and capabilities as well as a set of
procedures for utilizing your services. Also, this section
should provide a means to conclude the proposal in an organized
and consistent fashion which has as its objective the client's
retention of you to meet the specified objectives.

6. The first step, then, is to develop a FUNCTIONAL FLOW
DIAGRAM of the entire scope of activities you will perform for
your client.

The functional flow diagram (FFD) is a pictorial description
of the entire scope of activities you could perform for your
client (called the project). It is made up of a series of lines

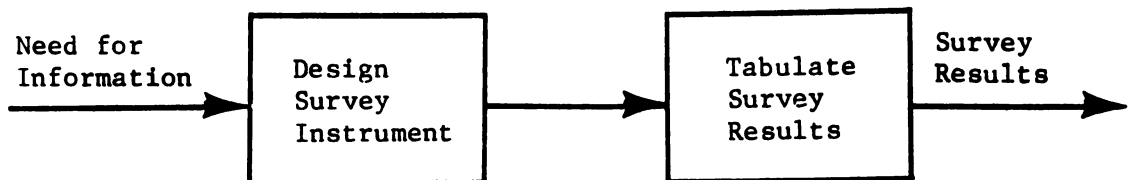
and boxes. A label is attached to each box, with each box representing a major component of project activity. The label is usually descriptive of one or more activities which may go on within the box.

In the course of the consulting project you may be called upon to prepare and administer a survey instrument. In your FFD this can be expressed as follows:

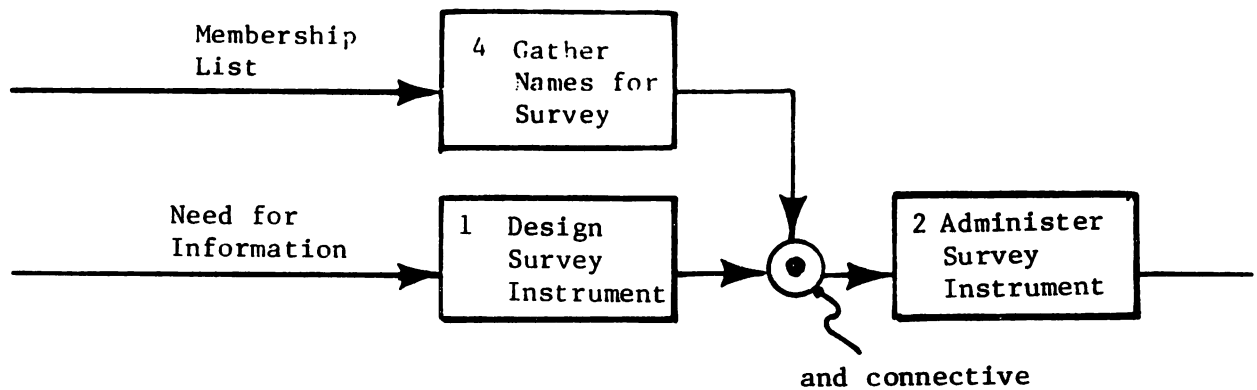


NOTE: The label of any box in the FFD should begin with an action verb, e.g., administer, design, compute, analyze, tabulate.

Every box in your FFD must have an input and an output. In the example above, the input to Box No. 1 is presumably the requirement for information that gives rise to the whole sequence of activities in the first place. The output of the third box is the survey result.



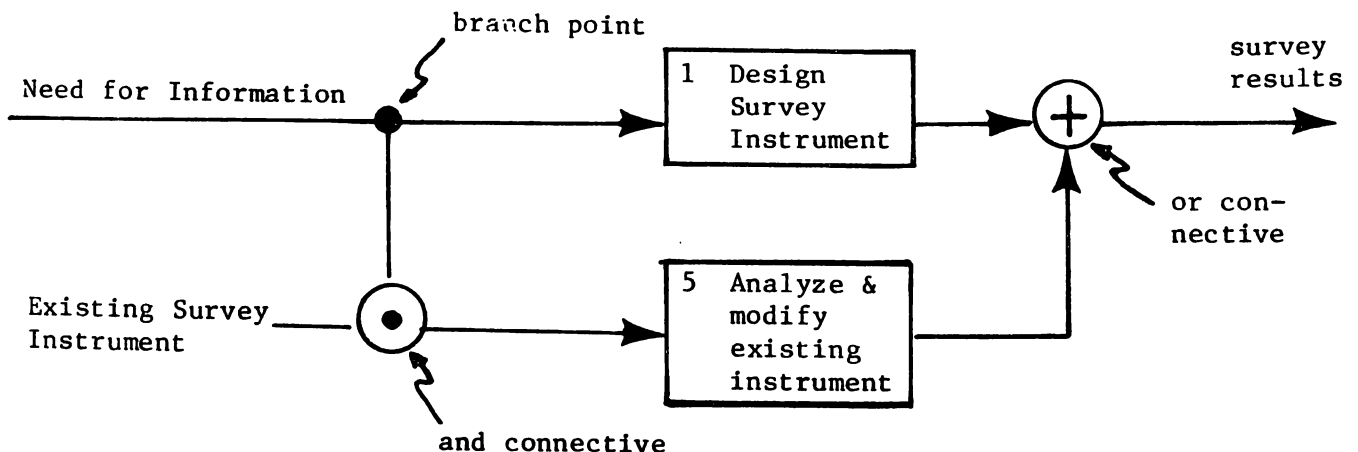
In the course of designing your FFD, it may occur to you that additional activities should be added. In the current example, it may occur to you that the names of persons to be surveyed will have to be determined. The result of this activity or step would have to feed into Box #2. How do you connect it?



The symbol which has been added is called a connective. There are two kinds of connectives: "and" connectives as well as "or" connectives. In the example above, the "and" connective is being used to demonstrate that the results or outcomes of both Functions 1 and 4 are required to proceed with Function #2.

The "or" connective indicates a choice point (when used on the input side of a function) or a branch point (when used on the output side of a function).

For example, suppose that in this particular project you could modify the survey instrument used by the client last year rather than design a new one. The benefit of doing this, however, remains to be studied. The following formulation would describe this future option.



Liberal use of such options should be considered. They avoid your having to make snap decisions on the basis of limited data and allow you to demonstrate to your client that full consideration will be given to all viable alternatives. This may be particularly useful in a competitive procurement by your client as it demonstrates that a part of your bid, estimate or fixed price includes a series of decisions involving choices between viable alternatives.

At this point, the FFD should be considered a working document to aid the development of a complete proposal. As you write your proposal, it may well be modified. Don't hesitate to modify your FFD. It would be quite unusual for the first draft to be the same as that which you will ultimately provide your client in the final proposal.

7. Next, direct your efforts to the Proposal Front Section. (The FFD will be used in the Proposal Main Section, thus with it as a guide we will go back and develop the Front Section.)

The Front Section has as its objective communication of the following information:

--Your understanding of the purposes of the consultation and the needs which have given rise to the client entertaining the consultation.

If your services have been sought by the client, you will be communicating your understanding of the client's needs; however, if you are seeking to inform the client of the need for and wisdom of utilizing your services as a consultant you will be doing a harder selling job. Your task will be to communicate to the client that certain unpleasant things may well develop for the client or the client organization if your services are not retained.

--Establishing objectives or goals which will govern or direct the services which you will deliver. Goals are statements of broad direction or intent. Objectives are specific statements of outcome presented in a format which will enable the client or consultant to determine when they have been met.

--Establishing a mandate for action. While a need exists and while you are able to offer a set of objectives which, if met, will make the need go away, you will add power to your proposal if you establish a mandate for action. Among the

mandates are:

- Compliance with existing or expected laws
- Cost effectiveness
- Operational effectiveness or profitability
- Creation of synergy
- Warding off adverse publicity
- Recognition to be achieved by client

The Proposal Front Section normally includes: letter of transmittal, abstract, statement of objectives, proposal cover, table of contents, statement of assurances, proposal title page, statement of need.

A. The letter of transmittal formally conveys the proposal document from the consultant to the client organization. The letter should be concise and should precisely specify what is being transmitted in the package. (In the case of the letter proposal, the letter or transmittal would merely be the early paragraphs and not a distinct document.) It is good to think of the letter of transmittal as a packing slip for your proposal. The letter of transmittal should clearly state, in summary fashion, the set of experiences or events which have resulted in the proposal being submitted. Mention the pre-proposal meetings, conferences, letters, etc. The point is simple: Place the proposal being presented in context of the history of your communications with the client.

The letter of transmittal should clearly communicate your high level of commitment. Your client will be sensitive to the fact that other business you have in-house may hinder your effort, your time commitment, your schedule, even your interest. Set the client's mind at ease. Inform the client that this piece of work is of the highest priority to you and your consulting practice. If you have others working on this proposed consultation be sure to indicate that you will take steps (establish controls, etc.) to maintain a total organization commitment.

B. The cover of the proposal is important. First, it says something about what will be found inside. Second, the cover and binding method define the style. At the very minimum, the title of the project or consultation should be indicated along with the name (logo or seal) of the consultant. The cover stock used should be of a heavier quality than that which will be found inside.

Just how good should it look? Some consultants are fond of saying that the cover and binding should not look too good, lest

it appear that the consultant is not cost conscious. Distinctive, even attractive, proposal packaging helps the proposal look good and will even help your image. The assumption here, that a good-looking proposal is expensive, is really not true. Commercial quality, attractive proposals are available at minimum cost through a variety of graphics houses, printers and service bureaus.

C. Proposal title page. The title page of your proposal is the means by which it will be referenced in the client organization. It should contain the following information: name/ title of the project or consultation, date of submission to the client, name of the client to whom submitted (and, in the case of the client being an organization, the name of the specific individual and his title), name of the consulting organization and/or your name and any restrictions.

Make the title short and descriptive. You will be living with this for the duration of the consultation. Avoid cute words, long words and words with a questionable double meaning. Avoid acronyms, unless very well known, as they require explanation.

Don't hesitate to place any useful restrictions about the distribution of your proposal or its contents to other parties. It may, for example, be useful to note:

"This proposal contains ideas and descriptions which are considered to be of a proprietary interest to the consultant. The contents of this proposal are intended for the exclusive review of and consideration by (client). Redistribution or subsequent disclosure of the materials contained herein is not authorized without the express permission of the consultant."

D. The abstract. This item should be written after the proposal is completed. Limit it to one page, single spaced. Words should be selected with great care. The words used in the abstract must communicate more efficiently than those in the body of the proposal. An abstract should be a summary of the proposal document which emphasizes the outcomes, results and benefits of the proposal and treats procedures to be used in the course of the consultation in the most general sense. The abstract should be devoid of any controversy, discussion of cost (of the consultation) or attributes of the consultant.

E. The table of contents. Writers often view the table of contents in any document as a useless convention. It can serve a most useful purpose for the reader. Look at the table of contents as a road map through your proposal which uses

interesting language to entice the reader to become involved. Wording such as "Problem Statement", "Anticipated Problems", "Alternative Solution Concepts" will arouse reader interest in the same way a newspaper's headlines attempt to do.

F. Statement of assurances. This is the place within the proposal which allows you to specify working conditions and practices which you will employ in this consultation. It is a professional touch which allows you to communicate to the client information which will serve to reduce any hesitancy the client may be experiencing. The statement of assurances is a strategic factor in the proposal. It provides a defense against those who might argue against your proposal but who lack substantive reasons as to why your proposal should not be accepted. A statement of assurances should not contain, or be expected to contain, any startling revelations. You might wish to tell your client that:

The procedures specified represent, in your estimation, the most cost effective approach possible consistent with the client's objectives.

There are no lawsuits or judgments pending against you.

All your costs are true and reasonable and that you have no outstanding proposals which reflect more favorable prices or cost estimates.

You do not discriminate in hiring.

You self-insure and hold your client blameless and will defend any lawsuits.

Your statement of assurances should conclude with the signature of the highest official of your consulting practice and be dated.

G. The statement of need. The statement of need and the statement of objectives are the two most important aspects of the Proposal Front Section.

The statement of need has a dual communications objective. First, to enable the reviewer or reader of your proposal to independently assess the extent and validity of the needs which the consultation addresses. Second, to foster (among the client personnel) a sense of obligation to marshal resources to respond to the needs you have identified.

How hard your communication task will be is a function

of the degree of awareness that your client has relative to these needs. If you have been asked to respond to the needs by the client, your task of communication may involve little more than a documentation or formalization of that which the client already believes. Your proposal, however, may be the tool used by your client to:

- build internal commitment among personnel about these needs,

- gather concurrence from friends and associates, or even other consultants, that these needs exist or are logical, and/or

- serve as a basis for obtaining proposals from other consultants.

Thus, even if the client has identified the needs for the consultant, the communication task should not be taken lightly.

It is possible to write a very effective statement of needs and still not be selected to carry out the consultation. If the statement of need is too persuasive, the client may see the problem as so severe that it warrants a higher level of organizational concern than first thought reasonable. Perhaps you will create the mandate within the client organization to go out and gather several other consultant proposals so as to enable a review of alternatives.

Your proposal's statement of need must be consistent with the scope of the response you are planning. (This is one of the reasons I have suggested that the FFD be done first.) A technical response which only deals with a part of the need identified will usually be viewed as insufficient. Don't paint a big picture and follow up with a little plan of action.

In writing your statement of need be sure to describe the problems or deficiencies in terms that are meaningful to the client. It is appropriate and necessary to be both quantitative and dramatic. Avoid the use of soft terms such as "a substantial number", "a high degree", "a downward trend" and make use of hard and quantifiable terms. This does not mean that you simply convert all soft terms to hard statements. To do so might distort the need. If you are unable to make hard, definite and hopefully quantitative statements, perhaps you need to do more research and analysis.

H. Statement of objectives. Once the needs have been identified, it becomes vital that you establish a series of objectives which will guide your work in the consultation. In a performance contract, these objectives will likely be the criteria which will guide your efforts and serve to indicate whether you have performed.

Objectives are not goals. Goals are broad, timeless statements outlining a direction, purpose or intention. Strictly speaking, goals are never really achieved. Objectives, however, are specific, definite and capable of being met or achieved. What you promise to achieve in your statement of objectives should be consistent with the resources you are asking for. You can't kill an elephant with a pea shooter.

Each objective which you formulate for your project or consultation must convey to the reader some specific information. Each objective will have three components.

The first component of your objective will describe the outcome that you intend to bring about. For example, suppose that you are planning to conduct a training program for your client's staff on internal accounting procedures. Your performance objective outcome could be stated:

Each participant in the training shall prepare a line-item budget, or

Eighty percent of the participants in the training shall prepare a line-item budget.

The objective is important because it establishes that which you will be willing to be held accountable or responsible for.

You will find that the second example is often less risky. Suppose that the client organization sends everyone not otherwise busy to the training program, including a bunch of people incapable of mastering line-item budgets. You will be glad that only eighty percent of the participants were required to prepare a line-item budget.

The second component of your objective is that you are required to make the outcome measurable. To make something measurable is simply to establish a scale of values (good to bad, 1-100) that you will use to gauge the quality of your outcome.

The third component of information which you must con-

vey in your objectives pertains to the level or amount of outcome that you deem adequate in light of the effort and resources being expended to carry out the consultation or project.

8. Formulating the Proposal Main Section. The Proposal Main Section contains three items: A pictorial description of the work to be completed for the client (a functional flow diagram, FFD, has been suggested); a time-line which communicates just when the work should be/will be done; and a written narrative which explains the results and benefits to be achieved by each sub-activity or function in the pictorial description.

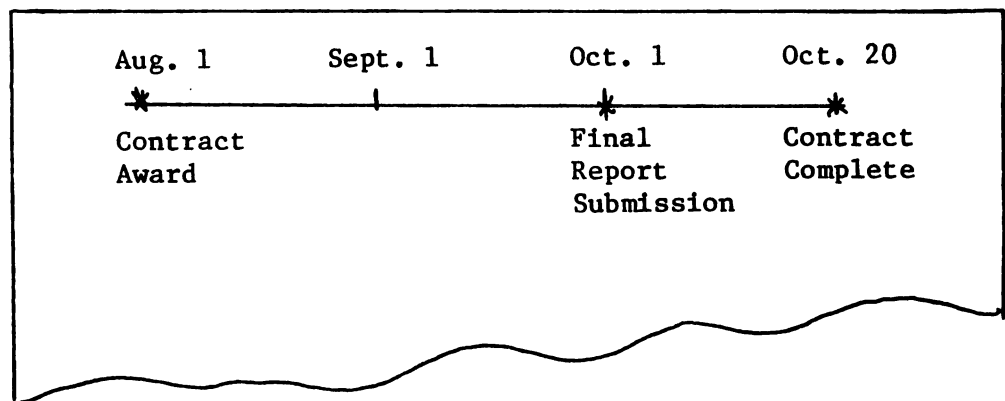
A. We have discussed how to develop the FFD and suggested that the consultant should prepare this document as the very first activity in the development of the proposal.

Once you have completed the Proposal Front Section, you should modify your FFD to reflect any changes you have made regarding the needs or purposes of the consultation and the objectives which you have set.

Once you have completed your modifications to the FFD you are ready to continue.

B. The Project Timeline. It will be useful for you and your client to establish a schedule which will serve to identify when the various milestone events of your project or consultation will be completed.

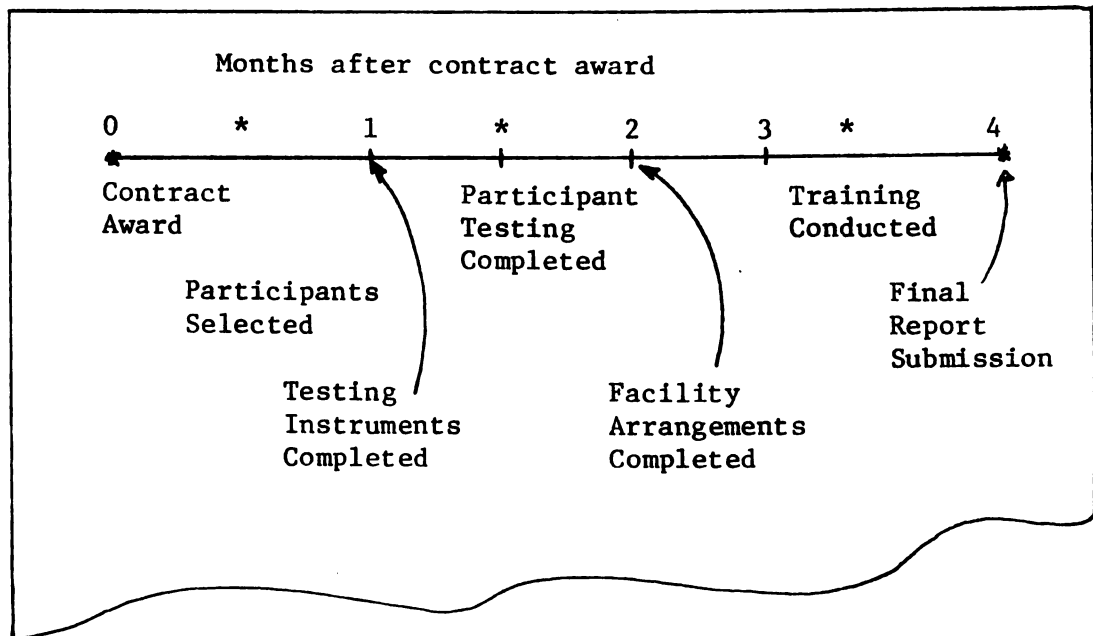
Step One: Draw a line along the edge of a blank sheet of paper. The left hand terminus of this line will serve as



the point in time when the contract will begin. You assume that you will receive the contract. To determine the start date, you must calculate how long it will take the client to make a favorable decision. The more complex the organization, the longer it will likely take for them to get their act together. Your suggesting an early date may be advantageous to you in that you suggest the importance of getting started sooner. It is a good idea to use actual dates. So, make the assumptions. If you can't make the assumption of when the contract will be awarded, start your timeline (left terminus) with "Date Contract Awarded" or "Contract Start" and calculate all other dates (to the right) in terms of the number of days, weeks or months following contract award.

Step Two: The right hand terminus of your timeline will serve to indicate the time at which your contract, project or consultation will be completed.

Step Three: Plot (make an X) at specific points in time between Contract Award and Contract Completion when significant milestone events are planned to occur. For example, three weeks prior to contract completion, plot in the event Final Report Submission. Refer to your FFD and determine the result, benefit or outcome of each function. This will help you identify milestones. Using the development and conduct of a training program as an example, some of the more obvious milestone events are indicated below.



It is quite possible to have simultaneous events on your timeline. Don't be too concerned about having exactly the right amount of time between events, just be sure that you have them in order and that you have left sufficient time for the necessary client reviews and approvals.

Step Four: You will next develop a full project schedule from the timeline work thus far completed. This schedule will be included in the proposal document submitted to the prospective client. First, list vertically the functions which you have developed for the consultation (from your FFD) on the left hand side of your paper. Next, drop vertical lines from each X on your timeline. Starting with the first function (and proceeding sequentially to subsequent functions) shade in the horizontal strip to the right of the function to signify the interval of time during which activities in support of the function will occur.

When you have identified a significant project event on the timeline (corresponding to the completion of a particular function) do not show (don't shade) beyond the point in time at which the event occurs.

C. We have discussed the development of the pictorial description of the project/consultation you will deliver to the client and have advocated the use of a functional flow diagram for purposes of this communication. Also, we have discussed the preparation of a project timeline or schedule to demonstrate to the prospective client the time frame in which the work will be completed. These two components are communicated to the prospective client within the Proposal Main Section. One additional component of the Proposal Main Section is a written narrative which is keyed directly to your FFD. The purpose of this written narrative is:

--to communicate the outcomes, results and benefits of the consultation to the reader;

--to achieve the objectives. (Note: the communication of procedures and processes must be sufficient to convince the reader that you can achieve the objectives of the consultation, while simultaneously being sufficiently general and conceptual --even vague--so as to not give away free any consulting services.);

--to communicate the fact that the client will have the opportunity to manage you, the consultant.

There are three kinds of outcomes, results and benefits which need to be communicated to the reader:

--Terminal results or benefits. You will be retained to achieve certain prescribed results or benefits. Often these will be specified rather exactly in your Statement of Objectives (Proposal Front Section). In your written narrative you will want to specify the points at which these terminal results and benefits will be achieved.

--Enabling results or benefits. On the road to achievement of your terminal results or benefits you will achieve milestones. These will be accomplishments which are required to achieve the terminal results. If you are attempting to determine the image of a manufacturing firm in the eyes of their customers, some of your enabling results might be: questionnaire designed, survey sample selected, data analysis methods selected; etc. The communication of milestone events will be important to assure the prospective client that there are checkpoints at which your work can be managed. While enabling results may seem obvious or self-evident to you, they may not be so to your client. Be sure to communicate them to the client. The more the better.

--Serendipitous results or benefits. These are the nice things which happen during the course of the consultation which you were not asked to achieve and which are not necessary to achieve the terminal results or benefits. If in the course of conducting a study of job satisfaction you are also quite likely to enhance employee morale, be sure to communicate that fact to the prospective client. Be sure, too, to communicate to the client that this serendipitous result costs the client nothing extra. It's just a nice thing which happens. It causes the client to see that he/she is obtaining more for the dollar invested.

In the Proposal Front Section, you have been telling the reader what it is that you hope to accomplish. Here, you wish to communicate to the reader that you, and only you, are the right consulting organization to meet those objectives. The reader should become convinced that the objectives will be accomplished in a cost effective and efficient fashion. In short, cause the reader to believe that what you propose is superior to alternatives other consultants might propose and superior to the client meeting the specified objectives utilizing internal resources alone.

This is an excellent place to put down known competition. If you know that other consultants are likely to be submitting proposals against which yours will be judged, tell your reader that you have discarded alternative approaches to the client's needs.

Be specific. Tell the client that you considered the obvious approach of doing such and such but discarded the approach on the basis of it being (too costly, too time consuming, requiring a staff of unreasonably high skills, creating adverse side effects, etc.). You must be on solid ground, of course, but your willingness to consider and dismiss alternatives will assure your client that you are unwilling to settle for something that will just get by.

Your written narrative should be keyed to your FFD. For each activity/box on your diagram, write up a one or two paragraph statement about the activity which communicates the results (discussed above) and deals in general and conceptual terms with the procedures to be employed.

How detailed and specific your written narrative should be is a function of two factors:

--How specific you must be to communicate to the reader, based upon his/her general capability and specific awareness about the type of work which you will be doing; and

--The extent of the threat, if any, that your client (or some other consultant to which your client will give your proposal) will take your work and obtain a free or lower cost consultation.

Once you have completed the Proposal Main Section, sit back and review it from the standpoint of the client. Be sure that it answers the who, what, when, where, how and why. Be sure that it flows well and is complete. Be sure that it meets the communication objectives discussed above.

9. Contents of the Proposal Conclusion Section. Earlier, we discussed the content of the Proposal Front Section and Main Section. Here, we describe the Proposal Conclusion Section. The specific contents of this Section will differ from proposal to proposal as a function of how sophisticated the proposal is intended to be. The following items may be included if desired.

- Evaluation Plan and Procedures
- Reporting and Dissemination Plan
- Consultation/Project Management and Organization Plan
- Personnel Loading Analysis
- Consultation/Project Price/Bid
- Consultation Staff Statement of Capability

We shall now discuss each of these components of the Proposal Conclusion Section.

A. Evaluation Plan and Procedures. Many consultations will involve a distinct evaluation of the work which is done for the client. This is particularly true when the consultant performs a creative or technical task such as auditing, market research, training program design, information system design, etc. It is also quite common in all government work.

Evaluation, when required, is important to the client in accepting or rejecting your proposal. It provides a check or measurement on the quality of the consultant's work and the viability of the specific plan/procedures you are proposing. It is a means by which the client can hold you accountable for the expenditure of funds which the client has made.

A properly designed project/consultation evaluation is really like a separate and distinct consultation. Indeed, the evaluation is often given to another consultant to complete. In such cases, the evaluation is then said to be an "independent" or "third party" evaluation. Evaluation is more like a research project than anything else. The wealth of literature on research and experimental design may well be of assistance.

Even if you are not planning to conduct a formal evaluation you should indicate to your client that an on-going or in-process evaluation will be conducted and describe the various activities that will take place. Your client will gain confidence by knowing that a continuous monitoring is underway to assure quality control.

B. Reporting and Dissemination Plan. Many consultations, particularly when the client is a large organization, require that some type of formal reporting or dissemination of the consultant's work be presented. The smaller client, unless a government-supported job, is usually unwilling or unable to pay the cost of formal final reporting. It will be in your interest to have the client come to desire some type of final report or dissemination. These serve as an after-the-fact marketing effort for your capabilities. Others will read your report and it will serve to generate new opportunities and and follow-on business.

The written final report has become commonplace in many consulting situations. You or your client reproduce 100 copies of the report. Six stay in the client's files, twenty are saved to send out on request and the balance is distributed to a house mailing list. To the extent that you or your client wish to obtain some spread effect from your efforts you may wish to give some consideration to other means of reporting/dissemination that will create greater impact.

Some examples: Write a paper and get it published as an article or monograph, read a paper at a meeting of a professional and/or trade association, develop and present a workshop or training seminar to the client's staff, prepare an audio-visual package which the client might use with field representatives or branch offices.

Your written proposal should specify the nature and extent of the reporting and/or dissemination plan you will follow. It should also indicate what, if any, checks or reviews your client will have in this process.

It may be quite helpful to your client (and to your success in marketing) to include an outline of the proposed final report in your proposal document.

C. Consultation/Project Management Plan and Organization Plan. This is important because it contains information that enables the reader/reviewer to assess your qualifications to be awarded the contract. The Management Plan is particularly crucial for the larger consulting organization. The prospective client of the larger firm may well feel that the individual(s) proposing the work may have limited, if any, involvement in its execution.

It must be demonstrated that the consultation will be conducted by individuals who have a strong probability of understanding client needs and working in a harmonious fashion with the client's administrative structure.

The management plan also serves to demonstrate that the consultant has far more than just good ideas. There are many people around who are creative, but their ability to get results is limited by the fact that they are poor managers. An effective management plan should put to rest the notion that you may be one of these people.

The management plan should include:

- a description of the administrative structure of the project/consultation which includes a detailing of any key positions and the associated responsibilities and duties.

- a description of the organizational structures which will serve as a connective link between the consultants working on the project and the client's organization. (In a larger consulting firm, the linkage between the consulting organization and the specific sub-set of individuals working on the consultation should also be demonstrated.)

--estimates of the personnel loading that you anticipate in connection with the conduct of the project/consultation.

--a description of the background and qualifications of the personnel who will be assigned to the consultation. (See D below.)

--a description of any individuals or outside firms/agencies that you plan to use or maintain an interface with including outside consultants, sub-contractors, third party evaluators, job-shops.

One of the best means of communication about the project organization is to create an organization chart which shows the lines of authority and responsibility and reflects the inter-relationships within and between your consulting organization and the client's organization.

In communicating to your client the nature and extent of qualification which the staff assigned to the consultation will have, the most comfortable procedure will be a set of resumes. These resumes should differ from the standard "get a job" resume. The content of such resumes is treated in Section D.

D. Personnel Loading Analysis. The Personnel Loading Analysis is typically utilized only in the larger consultation involving a number of personnel. You will find it useful, however, as an internal management tool and it is also possible that you may wish to demonstrate to a client how to engage in personnel loading analysis for better control of the client's activities.

The chief advantage of conducting a personnel loading analysis lies in the fact that it will assist you to guard against the design of a consultation which defies management given the level of resources which you can reasonably and cost effectively provide. Immediately following, I present a somewhat simplified example of how to conduct this personnel loading analysis. The example is simplified in that it assumes that two individuals can do in three days each what one could do in six days. It further assumes away the problem of personnel assignment. Mr. A may not be able to do what Ms. B can do.

Step 1. In column 1 of the worksheet, list the various functions of your consultation. (These should come directly from your FFD).

Step 2. Consider each function and estimate the number of days it would take to complete the function. Enter your estimates in column 2. In doing this, assume that you can devote full-time to this activity without other responsibilities. Your estimate should be in terms of working days and not calendar time.

Step 3. From your Project Timeline, enter the number of actual days you have scheduled to accomplish each function in column 3.

Step 4. Divide each column 2 figure by the corresponding figure in column 3 and enter the result in column 4.

Step 5. Proceed from the lower left hand corner on your project timeline and add up the Personnel Loading Numbers which cross the vertical line above.

In an ideal situation, your personnel loading should be essentially constant for the duration of the consultation. If you discover that the loading is not constant, zooms up from 2.5 to 9.6 and back down to 1.4 and up again to 4.5, you may wish to change things around to level out this management nightmare.

This can be done by shifting forward or backward those functions which have heavy personnel loading to level out the utilization of personnel.

If several consultations are underway in a given organization at one point in time, you may find it beneficial to do a point loading analysis. Such analysis will serve to demonstrate periods of time with high personnel demand and low personnel demand and can serve as a good planning tool. It may indicate the appropriate time to schedule vacations, book small projects to take up some slack, etc.

E. Consultation/Project Price/Bid. The fee you will charge the client is most often introduced into the proposal at this time. Depending upon the distribution that your written proposal will receive in the client's organization, you may wish to include the price/bid here or put it in a confidential letter which will not travel along with your formal proposal.

Basics on how this price or bid should be communicated are discussed, of course, in my Consulting Seminar.

F. Consultation Staff Statement of Capability. In

Section C, we noted that you should communicate to your potential client the kinds of capability and resource which will serve the client in the course of the consultation. It has become quite common to do this as the very last section of the written proposal document. It serves as a way of nesting the proposal bid or price which otherwise would be the last section. Now that you have explained all of the wonderful things you will do for the client and demonstrated the management capability you possess, it is useful to soften the impact of the dollars by demonstrating your state of qualification to insure that all will be done well.

The statement of capability usually includes two things: A statement of the consulting firm/organization approach, resources and talents as an organization as well as the specific resumes of the key personnel who will contribute to the client's project.

Usually, your brochure will serve as an adequate description of the consulting organization. For individuals involved, a resume will be helpful.

Staff resumes should be completed in a standard format. This section should not appear as though you ran wild through the files, at the last moment, drawing together anything you could find to pad the proposal. Develop a standard form which can always be used. Have staff members prepare their own resumes within the confines of your standard format. Have staff update at least every six months. Be prepared, however, to edit staff work to rid the resumes of unimportant data.

If your proposal calls for the use of outside firms or agencies to contribute in any significant way, such as an outside evaluation, be prepared to present their statement of capabilities, too. You should also be in a position to justify their selection over other seemingly qualified firms/agencies. You may even wish to include such justification in your proposal document. If so, such a statement of justification would immediately precede the statement of capabilities.

10. Proposal Packaging. Throughout this discussion on proposal writing, I have made comments about proposal packaging. A few added comments will be useful here. Physical appearance of the proposal is important. The basic purpose of the proposal is to sell through effective communication. The physical appearance and arrangement of what you have written will be important to communication.

Consider such things as: index tabs or dividers to allow

easy entry to specific sections; include a table of contents keyed to your index tabs; if the client provides you with a structured format your proposal is to follow (common in competitive situations) adhere as closely as possible to the structure. Consider development of a matrix in the front of the proposal which shows how you met client requirements; standardize citations, references and footnotes; don't clutter the proposal with ancient history. If you are sending examples of previous work which run more than half a dozen pages, turn it into an appendix which need not be carried around at all times.

Don't be afraid to spend a few dollars on the package. Use of good quality cover stock, color paper and comb binding, etc. can enhance your proposal. It says some things about you, how you think of this client and how your work appears. You don't wish to appear lavish and wasteful, but you can go to the trouble to produce a superior-looking document in a cost effective/efficient fashion.

THE FEASIBILITY STUDY

One of the most important marketing tools available to every consultant is the feasibility study. There are many reasons. Feasibility studies help the consultant get a foot in the door. These studies give clients the chance to make some rapid judgments about their problems and the chance to see, quickly, how effective the consultant will be in handling the problem.

There are other good reasons for the feasibility study. It helps the client realize the sense of retaining you, instead of committing staff people to the project. The feasibility study also gives the client a chance to use your independent analysis of a problem, the solution to which would be suspect if done by the staff.

Many consultants don't prepare feasibility studies properly. A major reason is they don't understand the difference between such a study and other kinds of research.

A feasibility study is not a need analysis, which only points out the need to take some action, whether feasible or not.

Neither is a feasibility study the same thing as an evaluation, which is used to find out whether what is being done is being done well.

A feasibility study helps the client determine a reasonable

result that can be achieved in a practical manner--given certain resources and certain boundaries of investigation.

When the consultant approaches the client about a feasibility study, he or she must pose the question in one of two ways: (1) "Tell me what it is you want to accomplish, and I'll tell you what it will cost," or (2) "Tell me how much you have to spend, and I'll tell you what you'll get."

Clients usually tell you what they want, but they may want far more than they can afford (or you want to spend in time and effort for the fee). The way out of this dilemma is to propose phased feasibility reports. Bite off a chunk at a time. When you finish one section and prove it in, move on to another.

In order to bite off a chunk at a time, you'll need to define parameters. Make sure you involve the client deeply in this process. Then the client is tied into your study and gives credibility to your results.

Remember, there are all sorts of detailed feasibility studies. But if your client is a retailer who is deciding on an additional store location, he or she won't need as detailed a study as the Pentagon would for a new missile.

Make sure you don't cheat yourself out of a client because you insisted on a study that was more than the client needed and was willing to pay for.

Now, some tips on feasibility studies themselves:

1. Developing the facts for your study means you must find out enough to make an intelligent decision, but not over-research in proportion to the need.

2. Make sure you have the resources for your study. You'll need to make certain people giving you the information are the best suited to dig it out.

3. Remember that the "correct" result of a feasibility study is one which matches the capability of the client and consultant to carry it out.

4. Study how your client has performed in the past. Don't expect a person to do things that are foreign to his or her nature. People don't change radically or quickly.

5. Make certain the risk involved in the course of action which you recommend is not out of proportion to the possible

gain. Your client may be ready to assume a greater risk than he should. So be careful.

6. Determine if the client can carry out your program. Making a decision means nothing if the ability to carry it out doesn't exist. If the client or a staff member doesn't have all the skills necessary, he or she must be willing to go elsewhere for those skills.

7. Be sure to test your decisions. Check to see if all the possible courses of action have been chosen and examined. Have the objectives been defined clearly? Have the people required for fact gathering been involved in the research process? Does the client know the penalties of delaying a decision and action?

8. Finally, assess the feasibility study's conclusion. Will gains outweigh the costs? Based on the client's past performance is it reasonable to assume a strong follow through on your recommendations? Is there too much risk? Are the goals, schedule of action and techniques spelled out?

These guidelines will save you many hours of non-productive time--and they'll improve your future relations with your clients.

PROGRESS REPORTS AS STRATEGY

An extremely useful device in consulting is the interim report to the client--yet many consultants avoid it like the proverbial plague. They fear their writing style, and sometimes the content of the report itself, may not live up to the client's expectations.

I say you should go about this job with the same confidence you have in your consulting ability. The experience will pay big dividends. Remember that drafting an interim report has an intrinsic benefit for you, as well as the client. It forces you to discipline your thinking as you go along. And it helps you find procedural loopholes in your work that you may not have noticed. Or perhaps it will make you decide you need more information on certain aspects of your research.

Here's a list of guidelines every consultant should follow in writing interim reports:

1. Make sure you have enough to write about. Sketch out the content generally. If an area lacks sufficient depth,

gather enough limited additional detail to improve the deficiency.

2. Use a neat format. The cost of an experienced typist will more than be paid by the betterment of your own reputation. Follow this sequence in organizing the report: letter of transmittal, then the report itself consisting of title page, table of contents, executive summary and the final large section--which actually contains three parts: (1) introduction to the actual report, (2) body of the report, and (3) conclusions.

3. Use documentation carefully. Add a bibliography at the end if needed, although often this is not required in an interim report. Statistical tables and/or graphs, if required, may be woven into the body of the report. In this way you eliminate the reader's need to turn back and forth to an appendix.

4. Always use the "you" style. Don't say, "The business has increased 15% during the period of my consulting assignment" when you can say, "Your business has increased...."

5. Keep the report brief. An interim report is not a final one. Don't confuse the reader with excessive detail. Simply cover all the major considerations in authoritative fashion.

6. Be forceful in your language. Show you have confidence in your professional opinion. (This doesn't mean you can't use qualifying phrases like "depending on the ability to obtain sufficient financing," or "This result is expected unless the two major sub-contractors fail to meet their commitments in the allotted time." You must decide when the qualifying phrases are needed, and remember to spend enough time in writing them carefully.)

7. Time your interim reports on a regular basis. This can be monthly, quarterly, or at time periods fragmented into, say, one-third and two-thirds of the entire time of the consulting assignment. Force yourself to meet these deadlines.

8. Look at each interim report as an opportunity to show great progress on the assignment while giving you a chance to make a case for additional time, manpower or cooperation, if needed. Be sure to document and then prove that the benefit of the additional help you request will far outweigh the cost.

Summing up, remember that even if your client doesn't require interim reports, you may benefit--as I said--by writing

one anyway. You don't have to deliver it to the client. You can simply use the exercise as an organizing device for yourself.

WRITING THE CONSULTANT'S FINAL REPORT. . .STRATEGY FOR EFFECTIVENESS

Reporting the findings or results of the consultation is the culmination of the effort which first began with marketing. It may require a substantial investment of both time and effort to say nothing of the relatively high cost which is normally associated with design and development of a viable and informative final report.

The goal of the consultation is the guidance of those with the problems or needs who have retained your services. Only if the report gives the client guidance, understanding, and establishes conviction that its conclusions are correct can we say that the consultation has been effective.

And what produces an effective consultation? It is not that the consultant has received the agreed upon fee. It is that the client has received that which the client set out to achieve at a cost not dissimilar to that expected (or agreed upon) and in a time frame consistent with that agreed upon at the start.

It is not at all uncommon for consultants to shy away from the final report. It takes time to write them and for most they are far from the most interesting activity in a day's efforts.

But the final report has great value to both the client and the consultant and thus every effort to provide a final report should be made if the client can afford it. Large corporate clients and government agencies almost always require a final report from their consultants. First, they have elaborate file systems to feed, but they also generally recognize the importance of the report and documentation in general. The small business or individual often does not have sufficient funds to pay for the final report and prefers a verbal final or verbal in-process reporting style.

One of the chief advantages of the final report for the client is that it tends to document in a formal fashion the conclusions and recommendations of the consultant. This can be very helpful in providing long-run benefits to the client. The final written report also serves to provide a spread effect

throughout the organization for the consultant's ideas and in the case of change of management or administration can be a useful vehicle for not having to re-invent the wheel.

It should be noted too, that the final report has some marketing advantages for the consultant. The report serves as a reminder of the consultant's contributions. This fact should be kept in mind when the report is written. Anything which consultants can do to cause the report to become a resource book rather than another volume to collect dust on the bookshelf will serve the marketing interests of the author.

The successful report breathes life into statistical and logical findings and wins acceptance by those who will translate findings into action.

The report should be designed to serve three chief functions.

First, it brings the data, analyses and findings into an organized and permanent form. It is often the only systematic source of documentation and may well have to serve as a guide for further study, analysis and research.

Second, the quality of the consultation is often judged by the quality of the report. This is particularly true when third persons not directly involved in the consultation will be placed in the position of making recommendations on your findings or in an evaluation of your efforts. Clearly, the consultant can benefit from spending due time and effort in creating a quality report.

Third, the effectiveness of your report may well determine the action taken. Most consultants feel somehow cheated if their advice isn't taken. It should be pointed out, however, that there exists no logical reason in many consultations for such a feeling. If the consultant was retained to come up with options and these options are not accepted by the client, the consultant should not feel that his/her services are in any sense discredited. It is clearly the option of the client whether any action will be taken, much less the specific action that the consultant feels is the more appropriate.

The consulting assignment is futile unless the consultant can communicate findings and conclusions in a fashion which communicates to the reader.

Just what the report says is a function of who will be reading the report. Three types of reports may be distinguished

--technical reports, reports for executives and reports for publication.

The technical report is prepared for the reader who requires detailed information about the procedures utilized and the results obtained in the consultation. A reader of this description is usually one with operational technical responsibility in the client organization. While this reader desires all minute details, it is the responsibility of the consultant to keep the report interesting.

A note of caution is in order here. The consultant must take care to not give away valuable proprietary technique/data which reduces the demand for his/her services in the future. In some cases, however, the client has paid a fee to obtain the know-how of the consultant and it is the expectation of the client that a degree of self-sufficiency will prevail after the consultant has departed.

The executive report is designed to inform the reader of the crucial elements and findings of the consultation. It is usually intended for top-level decision-makers such as chief executive officers and members of boards. These readers usually want only the grand design of the consultation as well as well-formulated and specific conclusions and recommendations.

The executive level client has made a not insubstantial investment in consulting services and looks forward to seeing some strong guidance for decision-making or some demonstrated results that indicate the wisdom of the decision to retain the services of the consultant.

The importance of understanding client decision-making style can not be forgotten. One of the primary duties of the consultant is to present findings in such a form as to fit the decision-making style of the client.

A report for publication has as its goal informing of persons outside of the client organization. Such a report requires that the consultant determine the precise communication objectives of the client as well as the expectations of the readers. A report for publication may have a narrow audience or a general readership. An example of the latter would be a report for publication in a magazine or for inclusion with a corporate annual report. The broader the reading audience the more difficult it is to determine expectations of readers. Hence, such reports tend to be more general and less detailed than either the technical report or the executive report.

The report for publication is often preferred by con-

sultants and frequently consultants urge clients to accept this route. There are two reasons for this preference. First, the marketing advantage for the consultant can be considerable. When readers are likely to be potential clients themselves or persons who come in contact with potential clients the rewards can be meaningful. Also, this type of report is probably the easiest to write, but usually requires a greater degree of creativity.

It is often required that a given reporting effort combine two or three of the types described above. The most frequent combination is an executive and a technical report. This is usually accomplished by preparation of an executive report with a substantial appendix that includes the detailed information typical of the technical report.

Such a report allows the chief decision-makers or evaluators to concentrate on major issues without concern for or distraction by details. Yet, should the need for more detailed analysis on the part of key staff persons be required, the report provides all necessary detail.

A similar approach is used in combining a report for publication and a technical or executive report. Such is the case of a report which might be prepared for two parties of interest in an independent or outside audit or evaluation. The information required differs. Those who have provided the funds (perhaps a government agency) are interested in knowing whether the party subject to the evaluation have expended the funds in accordance to an initial agreement or contract and may also be interested in knowing whether certain regulations have been followed. The party being evaluated, however, may need far more specific data which will enable changes in approach or procedures.

HOW GOOD ARE YOUR PROPOSALS?

Take a look at that written proposal you just finished, or the last one you did, or remember your last verbal proposal. It doesn't make any difference whether you were successful or not. You might have been more successful if the proposal was better.

Here are some factors to rate the proposal on. Score 1 to 7 on your proposal, with 7 being high.

The proposal has a statement of assurances. It informs the client about what assurances/guarantees I make with respect

to the quality of my services and the techniques and strategies I will utilize.

The proposal clearly states the need that the client has for my services. The proposal reflects that I have obtained all relevant and meaningful information possible from an interview with the client or the client's personnel. The proposal reflects independent thinking and evaluation of needs based upon any available theory or literature on the subject. My identification of client needs is based upon suitable observations and is communicated in a way which is meaningful to the client.

The proposal contains both goals and objectives. General goal statements which suggest the direction and overall purpose of where my services will lead the client are presented. These statements of goal are communicated in such a fashion that they are timeless, general statements of purpose, never fully able to be achieved. In addition, I have provided my client with specific statements of objectives. These objectives communicate in precise and specific terms the expected results of my services. These objectives indicate, in language clear to the client, just exactly what it is that I expect to accomplish and sufficient supporting data so that the client will know the level of such accomplishments to be achieved. In addition, I have specified the circumstances, events which must take place to serve as evidence that the objectives have been met. These goals and objectives are clearly the goals and objectives that the client is expecting based upon our initial communications.

My proposal contains a specific technical plan or approach for meeting the objectives specified. I have taken care to inform the client, with precision, just how it is that the objectives will be met. I have not been too disclosive. I have not given away my services in advance of an agreement for compensation. Yet, it is clear to the client that the technical plan or the approach specified has the highest probability of meeting the objectives specified within the time and financial constraints that the client is expecting. I have taken care to inform the client what things will not be accomplished by my efforts. My technical plan or approach reminds the client of the objectives and points out those instances in the plan which will result in in-process accomplishments that enable future activities to take place. I have demonstrated how in-process results and benefits will be communicated to the client. I have demonstrated to the client the variety of different ways that the client or client's personnel will be able to impact the results of the consultation while it is in progress. I have demonstrated both in words and graphically just how the processes and techniques to be utilized will produce the anticipated results.

The proposal contains a specific time-line or schedule which clearly communicates to the client the sequence of events to take place during the provision of my services and the approximate times at which these events will take place.

My proposal contains information on how I, or the client or even an external third-party will be able to evaluate the results of my services. The proposal contains identification of the specific events and circumstances which will serve to indicate that the objectives have been met; that progress toward the goals has been made. In addition, the proposal shows the specific criteria which will serve to indicate that a suitable level of accomplishment has been met as a result of my efforts.

The proposal contains a meaningful statement of capabilities which serves to identify the strengths and resources which I or anyone working for me or with me bring to the client's needs or problems. The statement of capabilities is not just a second communication of a tired old resume which the client may have already seen. It is a fresh, involving and motivating piece of work. I have removed all extraneous matter from the statement of capabilities so as to provide only information which will be of interest and use to the client in evaluating my services for this assignment/requirement. My statement of capabilities concentrates on my ability to produce results and bring about changes and accomplishments. I have taken care in being sure that I don't dwell on uninteresting past events about education or employment/professional appointments.

My proposal, or supporting documentation to the proposal, provides a clear and precise business plan. My client has full knowledge of what my services will cost, what expenses the client will be responsible for, and what obligations and requirements will be placed upon the client. A full and total explanation is made of all questionable items and I have taken care to provide all of the financial information which the client has requested. My business plan reflects my concern for the client's resources and demonstrates that I have requested direction from my client in finding out what kinds of financial information the client will require. If there are alternatives in terms of level or scope of service which might be appropriate, I have communicated these or provided a willingness to make adjustments on request. The client is very likely to find that the business plan is appropriate for the technical task at hand.

The proposal is attractive and interesting. It reads well, is nicely typed and invites readership.

I have written the proposal in such fashion that the client will be able to find the information needed with ease. I have provided guidance, such as an index, to allow the client to

enter and leave the proposal with ease.

I have provided a comfortable avenue for the client to obtain additional information, if needed.

I have given recognition to the fact that others may also read the proposal and that others may be instrumental in the decision to retain my services.

IF YOUR SCORE TOTALS 72-84 YOU ARE PROBABLY DOING JUST FINE.
A LOWER SCORE SUGGESTS A NEED TO IMPROVE YOUR PROPOSALS.

CHAPTER V.

CLIENT RELATIONS

THE FIRST MEETING WITH THE CLIENT

Too much business is lost during the first face-to-face meeting with the client. Why? Consultants do not use appropriate interviewing and meeting techniques.

They approach the first meeting with the client from a position of weakness. They are out there seemingly begging for the business. They are treating the meeting as though it were their first job interview coming out of school. In short, consultants try too hard!

You will never be successful in selling your services as a consultant if you look like you need the business. You must approach the first meeting with the client as a meeting of peers. You are not, and should not be, subservient to the client. You have as much right to reject the client as the client has to reject you. Indeed, if there is a superior-subordinate relationship here, it is the reverse. You are the one with the solutions and ideas. The client is the one with the problems and the difficulties. But, don't make that view apparent. It is a meeting between peers.

The first thing you should do in meeting with a potential client is to get your questions answered. Put off the obvious and not so obvious questions which your client has until you are in possession of the information which is really necessary for you to answer the client's questions. Not only do you need information, but you need to set the scene.

Here is the kind of information you should gather first:

1. What is the potential client's experience in working with other consultants? What did he like about those past relationships? What did he not like? What would he do the same next/this time? What would he want done differently?

2. What was the nature of the financial relationship with the last consultant? Not, how much was the last consultant paid. This is none of your business and you don't care. But, how did they work together? Fixed price, fixed fee, daily rate, performance contract, cost plus, etc? In the absence of a last consultant, how is this client willing to work?

3. If you take on this consultation (note the assertive approach--if you accept, not if you get) what must result for the client to be satisfied? What must change? By how much will it have changed? How will this change be measured?

My research with clients and consultants demonstrates very clearly that it is the approach and the attitude in the first meeting which sells consulting. Neither party is sufficiently informed about the needs or the problems to make a definitive decision. It's approach.

PROBING INTERVIEW QUESTIONS TO ASK (POTENTIAL) CLIENTS . . . ACCORDING TO CONSULTANTS

We asked 77 consultants with gross income in excess of \$75,000 to tell us the most valuable probing questions they ask clients or potential clients to identify areas of client need which might result in a consulting contract. Here are the results. Our survey revealed that these questions are the most useful marketing/contact starters. The questions are, for the most part, useful because they are open ended and cause the (potential) client to provide an involved answer. You will note that the questions usually set up a requirement for a justification or elaboration. This serves to involve client and consultant in a more detailed discussion or analysis.

1. What is the major problem that this organization faces?

2. What problems do you face which are shared by the rest of the industry (or other similar agencies)?

3. What problems confront this organization that are unique to this geographic area?

4. In what ways has inadequate planning affected the fortunes of this organization?

5. In what ways is this organization hurt/made less profitable by government laws or regulations?

6. How does this organization rank in terms of sales, etc. with others in the industry?

7. Is this organization family owned? To what extent does such ownership impact promotions and employee morale?

8. What kind of staff turnover have you experienced? Is this trend up or down from prior years?

9. What do your assessments of employee satisfaction and productivity suggest for future changes in personnel policy?

10. How long has a specific management person or key technical employee been with this organization?

11. How far in advance do you make specific decisions about expansion?

12. What is the greatest area of potential growth which did not materialize in the last two years?

13. In what ways do you assure that the dollars expended on training staff serve to produce the results desired?

14. How do communications work within with organization?

15. How do you identify communication breakdowns in the organization?

16. Who reports to whom around here?

17. What is the biggest time-bomb in this organization? What plans have you made for dealing with this problem?

18. What impact do you see the pending proxy fight having on management and staff?

19. What new products or services do you see as vital within the next ten years for this company to continue to grow at the rate it has in the last three years?

20. How do you plan to deal with the capital crunch expected in the next two years?

Not all of these questions will fit your needs or your style. But we thought it would be interesting to see how others get a foot well in the door. You may wish to try a few of these out on some future prospects or long-time clients.

UNDERSTANDING WHEN THE CLIENT'S "NO" MEANS "YES" by Bob McCord

Anytime a consultant makes a proposal to a client, he usually prepares himself for the yes-no anxiety that accompanies that proposal: Yes, the client is impressed with the consultant's proposal and wants him to undertake the project; or no, the client does not want the project to proceed. What the consultant does not usually prepare is his reaction when he receives both answers at the same time. The client may be very interested in having his problem solved and is grateful for what the consultant can lend. But at the same time he is proud, defensive, protective of his business and doesn't want anyone telling him what changes should be made, which elements should be done away with. The reason for such a conundrum may be easy to understand stand albeit hard to explain. The real problem for the consultant is two-fold: Recognizing when the client means yes when he actually says no: and how to deal with that peculiar response once it's recognized.

A psychological force is certainly at work whenever a client states "I want your help" which, inaudibly, is meant to convey "I don't want you to help me" or vice versa. It's the kind of thing little kids do. They tell their parents they want to ride the roller coaster even though they're scared to death to ride the thing. They call for help in pedaling a bike for the first time yet they want to pedal and balance the bike without help. Such a tendency in all of us to tell someone to "get away closer" creates problems in communication and relationships.

Consider the client. An orthodontist is having difficulties with practice management. Specifically, he's not realizing the income he should even though his productivity is excellent. He calls in a consultant and tells him to identify and resolve the problem, but stipulates that he need not investigate personnel management. He has spent a lot of time there and has it under control; the consultant is therefore not to worry about it.

Across the street an independent hardware dealer is losing business to a large chain store because, as he tells the consultant, his inventory seems always to be down and he's often out of stock on many popular items. He's sure his system is okay, though; he just wants the consultant to figure out a way for the merchandise to be shipped to him more expeditiously, or what formula he should use to measure turn-around time, or something.

For both the orthodontist and the hardware man, the charter for the consultant is clear: Make my problem go away. However, the consultant should not regard either situation as being simple.

Maybe personnel management is fine in that dental practice; maybe that inventory control system is satisfactory. But, maybe they're not. In fact, maybe those dental auxiliaries and maybe that inventory system are the source of the respective problems. Such possibilities add a new, important dimension to the consultant's charter: Make the client's problems go away while carefully dealing with--not avoiding--the designated areas. And special yet subtle focus should be trained on those areas.

Why? After all, we're big kids now. If the client says not to deal with certain elements of his business shouldn't the consultant respect that directive and comply? Do we have to psychoanalyze everything? Such questions cut to the heart of the matter just as the client's prohibitions mask the heart of the problems.

Since the consultant is familiar with dental practices, he knows that virtually everything revolves around the staff--appointment control, bookkeeping, collection procedures. So it's a good bet that the one area that is off limits is the one most in need of scrutiny.

In all likelihood the doctor has applied some "bandaid"

management which he thinks or wants to believe is the cure. He doesn't want the consultant to review what he's done because, though he has little or no management ability, he's proud of what little he has done. He holds a staff meeting now and then, gives raises every eighteen months, and presents his staff with jars of homemade jam at Christmas. He is not equipped right now to have some expert tell him he hasn't taken care of all that he should. Or he's quite embarrassed that he can't control his kids at home, and he's afraid the consultant may think less of him as a dentist if he discovers how sloppily he manages his staff. So he establishes an out-of-bounds area, for the wrong reasons.

The retailer is equally proud. He's built his business up from a tiny store and a \$500 investment years ago to a huge home improvement center in a shopping mall. Even now he keeps his hand in everything from designing the sales promotions to making the bank deposit. He knows how to price, how to display, and he's particularly proud of the inventory control system he designed ten years back. He wants to believe it still works. To have to do away with it after all the effort he's poured into it is more than a management decision--it is an emotional one as well. To bring in a computer and all that goes with it might make sense. But not yet. Maybe the problem can be dealt with somewhere else. The consultant can look anywhere he wants, but not here.

The masks in these instances are obvious; in others they are not. Some take awhile to recognize and pull away. Generally, most clients use them to one degree or another. From lies and evasions to squirming in their seats, clients can clearly manifest the areas they aren't sure they want the consultant to check out, the areas in which the crux of the problem may lie, and thus the area in which they hope the consultant will spend some time. This paradox can be nerve-wracking for the consultant to deal with and yet that is precisely what he must do.

But how? Once the consultant senses that the dentist is sensitive about his poor management ability and once he understands how attached the merchant is to a system of his own devising, how does he promote change? Does he just show up one morning with a 200-page personnel manual or call his friends at Humpty Dumpty Computer and tell them to send out the latest machine? He could, and in so doing possibly go right to the most viable solutions. But what good would that

do the clients? Sure, the apparent problems are taken care of, but only on one level. Considerable damage could be done for all that if resolution of the problems at another level is not well addressed. Should the consultant not respect the Janus-like characteristics of the clients' needs, all recommendations could be misconstrued as inconsiderate directives and be completely rejected.

Call it handholding, stroking, silly, stupid, or just not worth the effort, but the consultant has to make provisions for the client's pride, defensiveness, protectiveness, embarrassment in his proposed solutions. The logical sequence is to determine the degree of pride, defensiveness, etc. attached to a particular taboo area, work around it, then eventually work it into the recommended course of action. Admittedly, such a process may be roundabout and time consuming, but it can have a direct, positive effect on client receptivity to the consultant's recommendations.

For example, engaging the dentist in conversation about his staff could evolve into discussion of management techniques. From there the client may indicate his disdain for employee performance reviews since people "should do what they're paid to do." Later, while talking with the consultant about collection techniques, a dental assistant indicated that the staff would like to meet individually with the doctor more often to learn how they're doing in performance of their jobs. In fact, says the employee, performance reviews were attempted once in the office but the doctor didn't know how to conduct them and because he's uncomfortable in a leadership role he decided to hold no more such sessions. The situation then is not that all is well in personnel management but that morale is down and the motivation to make the practice efficient and profitable is lax. The dentist doesn't know how to deal with such a condition so instead of attempting to confront it he claims it doesn't need confronting.

The consultant can put 2 and 2 together. The client needs help in personnel management but he can't flat out tell him that since he clearly specified that aspect of his practice was not to be addressed. Now what? Stay tuned.

A similar conversation goes on at the hardware store where the consultant learns from the stock man how lousy the inventory control system really is. The boss doesn't want to change because he knows nothing at all about computers and doesn't

want to lose control of his store to a machine. The stocker is sure that a more efficient system would put the store back in the black but neither he nor the consultant can shake the retailer by the arms and make him discard his system. How then is the recommendation made?

Carefully.

Knowing what he knows, the consultant may wish to suggest to the orthodontist a resolution of both his problems. "Dr. Client, your cash flow problems can be taken care of by more emphasis placed on collection activity, both at the time of service and on the phone. Since collection chores are not the favorite of employees, step-by-step procedures should be spelled out and close supervision in this area is required. Since your time is best employed with your patients, I can set up these procedures for you and provide training and supervision for your staff. When job descriptions are modified you can emphasize this employee duty and responsibility and I can provide you with an employee assessment for use in your regular performance evaluations." The client is left an out. Without realizing that the consultant is well informed regarding the off-limits area, the client can decide that he better well involve himself in personnel management and all that it entails or he can assign that task to the consultant on a contract basis, learning at his hands so that perhaps eventually he can confidently take over that leadership function. He has not been chastised for shying away from personnel management and even though it still remains a problem for him he has an opportunity to let the consultant take over for him under controlled circumstances, with no real loss of face. After all, the consultant said he should be performing orthodontia, not supervising employees. This is quite likely the doctor's intention all along, but he couldn't bring himself to clearly, directly saying so to the consultant. Now, under such an approach, the consultant can deal with the entire scope of the problem, including personnel management, solving it while making the client look good--to his employees, to the consultant, and particularly to himself. His defensiveness and embarrassment are not even brought up.

Across the street a problem in Receiving may be the opportunity the consultant seeks to suggest that the hardware man utilize a computer service for better inventory control. "Mr. Retailer your receiving department needs streamlining. Too much merchandise sits on the dock after delivery. It's not being quickly broken down, inventoried and displayed. I suggest a computer program be utilized to expedite transfer of goods

from the truck to the shelves." This recommendation in itself does not address the heart of the inventory problem. But it allows the client to become familiar with the benefits of EDP in a way that does not directly threaten either his beloved system or his sense of control, for logging in of merchandise is not likely to change his system or self-regard. However, once he sees that the computer is controllable in this one aspect of his business, once he realizes what a boon it can be to his store, his defenses begin to drop. Not all at once, but gradually. As the consultant carefully allows the client to feel his own way in this new area of computer products he is able to guide him to his own eventual realization that his inventory control system must be updated along with receiving, ordering, billing, etc. Thusly, the consultant has not forced him to accept the reality of this move (though he knew the client must in order for his advice to take hold). Nor has he compelled him into changing something the consultant was not supposed to deal with in the first place. The client is more comfortable with his methodology. He is ready for him to review and to recommend improvement of his system, the improvement he sensed was needed all along but could not be broached until now. As with the dentist, the retailer has an out, courtesy of a consultant. His brief (or extensive) education process allowed the client to become more receptive to eventual change without becoming more defensive or protective. He can comfortably claim that he wanted the consultant to look at his system as well as at other aspects of his business, it just took him a while to get comfortable. Now that he is, his allegiance to his old inventory control system has been supplanted by his open-mindedness to the consultant's advice.

It's taken awhile. And if the consultant has been paid for that time it's been worthwhile for him. But more to the point, it's been particularly worthwhile for the clients. For the dentist, his initial inability to be completely "up front" with the consultant has resulted in his gaining an ally to help him deal not only with his personnel problem but with his hard-to-grasp role as leader as well.

The hardware retailer has gained an ally too--one who can help him convert what should have been a non-convertible system into an efficient tool, still under his control. Neither has cause for regret.

Still, each had cause--at least in their minds--for putting the consultant off. But in reading between the lines, in anticipating the needs, in realizing that "no" meant "yes" the consultant was able to forestall the disappointment that rapid-fire recommendations may have fostered. Recognizing that slow going and indirectness are viable problem solving

techniques has enabled the consultant to do what the clients said--and didn't say--they wanted him to do: Make their two-leveled problems go away.

PRESENTATIONS TO THE CLIENT: HOW GOOD A JOB DO YOU DO?

Rate yourself 1 to 5 (with 5 being high) on each of the following criteria of a good sales presentation:

1. I always ask several strong qualifying questions of the prospect to find out what the problem is or what compelling benefits are desired.
2. I attract the prospect's attention by always presenting several ideas that will satisfy his/her problem or compelling wants.
3. I let my prospect know that what I offer is a unique service and that no one else can provide him/her with the advantages I make available.
4. I always get the prospect to commit him/herself before I continue with my presentation by asking questions such as "If I demonstrate to you that I can overcome this problem for you, will you be willing to retain my services?"
5. I explain all the features of my proposition and take care to emphasize the features my prospect is most interested in.
6. Every sales presentation I make includes several comparisons between what the prospect has now and what I can provide.
7. I always utilize simple and clear graphs, slides, pictures or other visuals to provide visual stimulus as well as auditory stimulus to my sales presentation.
8. I provide my prospect with illustrative success stories of how others have benefited from adopting the proposition that I offer.
9. Everytime I make an important sales point, I get my prospect to agree that this is something he wants.
10. Throughout my presentation I get my prospect to make many "yes" answers so as to condition the prospect to say "yes" to me.

11. I anticipate the objections my client will likely raise and raise them myself before the prospect has a chance to bring them up.

12. I take great pains to prove to my prospect everything that I say that sounds questionable.

13. I always introduce the testimonials of others and the endorsements of people that the client will respect.

Add up your scores and enter the total number. If your total is 52-65, you are probably doing a great job in making sales presentations: 40-51, you could probably revise that sales presentation and do a much better job: 0-39, your sales presentation is probably quite poor and you should consider some sales training.

GET TOUGH WITH CLIENTS

Readers have heard me say that it is good to be tough with the client with respect to how the consultation will be conducted and on things like fees and when payments will be made. BUT, THERE IS ANOTHER KIND OF TOUGHNESS THAT IS REQUIRED.

Being tough on advice. Tell your clients what is wrong with their organization and their personal management style. No, I don't mean couching your criticism in nicely worded, third person, recommendations that the client can read meaning into.

Tell it like it is. Some of these clients need to be hit over the head. I mean really hit hard. It is the only thing that will wake them up, bring them to the right moves.

YOU KNOW THIS ABOUT ADVICE GIVING! SO WHY DO SO MANY CONSULTANTS AVOID BEING FRANK, HONEST AND BLUNT WITH CLIENTS?

They are afraid of getting clients mad at them. They are fearful that they will lose business. So they pussyfoot around and their advice is seen as being "good" but not "essential".

Unless you are seen as "essential" you have no security. The very first business turndown and you are gone. That is what being nice did to you. What did it do for your client? Nothing. You were a bad investment, because you didn't do your job.

Those clients, at least many of them, are a little on the masochistic side.

Just try it with one or two. You will see what I mean. A word of caution, however. Don't embarrass them in front of others and be sure your advice is right on, really good.

SOME THOUGHTS ON ADVICE GIVING

There is no activity more fundamental to consulting of all types than the giving of advice. If the consultant is to be a success he must play the role of consultant with two requisites in mind.

First, the consultant's advice must be fitting for the purpose intended; it must be the right advice. "Right" implies a two-way agreement that the advice is both appropriate and correct; that is, it calls for values common to both sides. The more useful the consultant is considered to be as a result of his objectivity, however, the wider the potential divergence between client and consultant relative to values.

Second, advice must be accepted before its purpose is achieved. It will generally be assumed that the advice being given represents considered counsel without misrepresentation or inaccuracy. Now, the problem of acceptance will be unnecessarily complicated if the consultant is shown to be factually in error or incompetent.

The client's acceptance of consultant's advice may be viewed as a five-stage process.

1. A willingness to ask for advice implies the recognition of a need on the part of a client and a determination of whether the need is real or rationalized.

2. A need for impartial knowledge on the part of the client and an appreciation for insight which is free from prejudice and too much familiarity with the situation at hand.

3. Confidence in the consultant's advice and an appreciation of the distinction between wisdom and knowledge. Wisdom is a personal attribute of an individual (consultant) and knowledge is that which is gained from books and facts.

4. Perception by the consultant of the true environment in which the consultation is taking place. Perceiving reality in the same way as the client is essential for advice acceptance.

5. The presentation of advice to the client must be done in such a fashion that the mental framework of the client is flattered. An appropriate mix of logical, emotional, and ethical proof must be provided.

Let us deal with these five stages in a bit more detail.

1. Willingness to ask for advice. What results in an unwillingness to ask for advice?

Self-sufficiency. The client may have a very genuine attitude of self-sufficiency which for all practical matters rules out asking for advice. Evidence of such attitude is seen in statements such as : How can anyone know as much about my situation as I?

False self-sufficiency. A client may express an attitude of self-sufficiency which actually disguises some form of inadequacy. The inadequacy may be recognized or unrecognized by the client. Obviously, the consultant has a need to shape the advice giving approach based on the degree of client self-sufficiency, and the consultant's perception of whether the self-sufficiency perceived tends to be recognized or not. Even though a consultant may be called upon to give advice in one area, able valid recommendations outside of this area may be received in an unexpectedly negative manner by the client.

Fear. The client may fear the sharing of confidential information or future plans with the consultant. But until a willingness to share such information exists there will be either reluctance to seek outside advice or to accept the advice which is given. Anything short of full disclosure by the client is likely to impede or bias the job of the consultant. The consultant's work often brings the past mistakes of the client to the surface, making the client look worse than he/she would desire.

Other fears may center around the possibility of receiving improper advice and being pressed to take action which may be unwise or inappropriate. Some consultants come to advocate systems--systems of thought, of operation, of control. It may be the honest belief of the consultant that such systems are universally applicable. The differences in specific situations may be viewed as being of lesser importance, but the client may view the distinctions of the situation as central.

Abrogation. Some feel that by relying on advice even the strong minded may suffer abrogation of the decision initiative and close the flow of ideas internally. Some clients consider it a challenge and point of pride to solve all their

problems themselves. There is the other side--that external specialists can broaden horizons and add to creativity and thought. The wise consultant will recognize both of these forces and play one or both to produce the situation where advice will be acceptable to the maximum extent possible.

Price. Some benefits of consulting can be measured in quantitative terms. The decision to invest in external advice is sometimes capable of being looked at as a return on investment problem. The greater the competence and ability of the consultant the higher the price that will have to be paid. Some clients avoid calling in outside authority because of a doubt that the return on investment will be insufficient.

These types of unwillingness which have been discussed may hinder an initial approach to or acceptance of the use of consultant services. They can rear their heads again and again during the consultation.

2. Need for impartial knowledge. The reasons clients need impartial knowledge are:

To learn about matters not presently understood.

To attend to problems broadly understood but for which insufficient time or skill is at the disposal of the client.

To uncover or discern problems which are hidden in the aggregate or in complexities.

To devise a plan of action to implement a decision already made.

To advocate or add reason, background or confirmation to an action already decided upon which may be painful to the client, or reflecting upon the client's partiality.

To act catalytically in stimulating ideas, and in playing the role of a tester for plans and proposals which have been tentatively reached.

In the last three there exists a state of pre-decision on the part of the client. Pre-decision tends to shape a specific path for the consultant to follow. A successful job is dependent upon the consultant arriving at the same conclusion as the client. If the advisor is led into the role of rationalizer he will have great difficulty in avoiding the stretching integrity and in producing a solution of significant lasting value.

3. Confidence. The ability of the consultant to command the confidence of the client has a very basic impact on the

acceptance of the consultant's advice. If the consultant's stature and personality are not held in very high regard by the client, the client will be hesitant about receiving and putting into effect the recommendations and advice offered.

While trust and confidence partially comes from the consultant's reputation, it is insured on the basis of openness, competence and genuine interest on the part of the consultant. The correspondence of action with words, practicing what is preached, is important.

4. Perception. One of the values of the consultant is a detachment from internal bias. This raises the concern, however, that the consultant may bring to the consultation preconceived ideas or systems which hinder rather than help the situation. The wise consultant has a bank of knowledge but is entirely flexible in his attachments to any system or previously acceptable plan.

It is in the linking together of similarities and dissimilarities that the consultant's capacity for inductive appraisal makes its value felt. An appreciation for the individuality of each situation is a sound working practice.

Certain consultant qualities, then, have demonstrated themselves to be correlated with success in client-consultant relationships:

Reputation, high ethical principles and discretion.

Sympathetic listening, making for responsive interviews.

Understanding of the difficulties of expression and the incompleteness of communication.

Capacity for inductive appraisal.

Individual treatment of each case.

Wisdom, or the maturity of thought to weigh matters deliberately.

5. Presentation. Too often the efforts of the best of consultants with the most complete and exhaustive studies have been frustrated by presentation in an unacceptable form. In the worst cases an attitude of refusal has been established by failure on the part of the consultant to recognize the needs of the client, by a lack of capability on the part of a consultant, or by partiality or prejudice on the part of either the

consultant or the client or both.

To induce behavior change which is needed for acceptance of the consultant's recommendations, the consultant must first perceive objectively what the complex of needs is. Then, by observing the values implicit in the client's actions and expressions, the consultant must perceive matters as far as possible from the standpoint of the client.

Since the ancient Greeks, three ways of bringing about a change in opinion or inducing acceptance on the part of another have been recognized:

Ethical proof--belief in the integrity and/or importance of the speaker/advisor;

Logical proof--presentation of available information so as to convince through reasoning or rational powers;

Emotional proof--appeal through feelings, beliefs and hopes.

The consultant uses a mix of all three, with the selection being made on an intuitive basis, whenever recommendations are presented.

Good salespeople do this naturally.

Ethical proof. The reaction of a client will be positive toward a consultant seen as working with thoroughness, purpose and competence. A failure to build up this atmosphere of confidence will result in poor, if any, acceptance of the consultant's recommendations. Many people have in mind certain persons whose statements are accepted almost without question. The failure to question, however, is a social convention being seen with less and less frequency in our culture. Any noted association between the consultant and such sources will assist the consultant in his/her use of ethical proofs. It should be noted, however, that the client's perception of absolute sincerity on the part of the consultant is fundamental to the effectiveness of ethical proofs.

Logical proof. Logical proof is far more time-consuming than ethical proof. It requires that the consultant sample from the total universe of facts. It assumes boundaries and limitations and depends on the consultant's ability to find, develop and utilize analytic models which are appropriate. The continuous growth in the acceptance of rational decision-making approaches, however, suggests that consultants are usually well advised to orient towards logical proofs. This is particularly true when the client is younger and/or more recently educated.

Emotional proof. Although reason and a rational approach is strongly inculcated in formal education and every day life, it is far more natural to rely on the intuitive senses and allied emotions. It has frequently been true that emotional proof based on belief is more effective than logic, based on knowledge.

Unless the client feels that the central idea or purpose of the recommendations is right, no amount of logical persuasion will be convincing.

There are any number of appeals which can be made by the consultant, often in an indirect or low-pressure fashion. The most important are:

Security or self preservation

Position or power

Acquisition of money or goods

Respect for religious or ethical beliefs

Recognition by the social or peer group

Affection for family and friends.

Emotional proof serves to justify or elaborate on the central motive of the argument or presentation. It places in context the non-tangible aspects of the consultant's findings. Its improper use can do much damage to consulting and the consulting profession because of its great susceptibility to bias, insincerity and illogicality.

HOW TO AVOID GIVING AWAY FREE CONSULTING

Most of the free consulting which is given away results from subconscious activities on the part of consultants. If we can find some solutions, make the sub-conscious conscious, the bulk of the problem will be behind us.

In my experience, there are four situations which result in consulting being frequently given away. I will discuss each situation and a solution approach effective for dealing with each.

Situation #1. The Written Proposal. When the prospective client requests that you prepare a written proposal to describe

the consultation/project which you propose, it is quite possible that you will give away some free consulting. This is so due to the fact that many consultants are not marketing oriented and believe that the best they can offer the client is a step-by-step detailed analysis of the precise activities they will undertake to perform the consultation. Too often this proposal effort turns out to be a proceduralized instruction for the conduct of the consultation. Such a proposal has two limitations.

First, your proposal and someone else in the client's organization or group of contacts constitutes the consulting team. You have just given away free consulting because you wrote a proposal which concentrated on the mechanics of the job to be done. After your brains were picked, free of charge, they didn't need to pay your high rates.

Second, nothing in this society sells on the basis of its mechanics or process. From toothpaste to consulting, sales are made on the benefits or results which derive from the processes or mechanics involved. Your client does not really want to hear about your technology; instead, the client wants to hear about all the fantastic things that will happen as a result of your technology.

What do you do about this problem? First is recognition of the problem. That is half the battle. The other half is to find a procedure for developing the proposal document so as to avoid presentation of detailed procedures and concentrate on the results of the consultation.

Situation #2. Follow-up consultation. A great deal of free consulting is given away as a result of your having seemingly completed a project for a client: the type of project where the client is responsible for implementation, for example, a design, a plan, etc. You have done work which must be interpreted by the client and then implemented. In the course of the client's implementation some problems are likely to occur. These may be a function of your work, the client organization's abilities, or both. Whatever the cause, you are called upon. Perhaps it is frequent telephone consultations to explain this or that; perhaps it is stop-in-and-show-us calls.

The first time or two this may seem quite reasonable. However, when the calls become habitual you have a problem. It is easier for the client to call you than to think the problem out. You will be giving away a great deal of free consulting unless you move quickly to handle such situations.

Dealing effectively with this problem requires that you do one of two things. You may send an invoice to the client

or have the client sign a retainer agreement. The invoice is quite common. Your client's lawyer doesn't give away free phone consultation just because he or she drew up the articles of incorporation a few weeks ago. The invoice should be quite simple:

Telephone consultation of July 7, 1982	\$ 35.00
Follow-up consultation of July 13, 1982	\$150.00

You may find it more comfortable to have the client sign a new contract--a retainer agreement. Two types are possible:

The time retainer. You contract to complete a specified quantity of work or a discrete activity on a regular, periodic basis--perhaps monthly. For example, you agree to conduct a psychological screening of all new employees of the client organization. Given the client's size and rate of personnel turnover, you assume that you will need to spend two days each month to fulfill this obligation. Since your daily rate for consulting is \$400 per day, you sign a retainer agreement with the client which pays you \$800 a month, each and every month, for conducting such psychological screening.

The availability retainer. You contract to make yourself available to a client for a specific amount of time each calendar period. For example, you agree to analyze a client's financial statements and interpret some for management. You calculate that when you perform this activity it will take you three days. Your daily rate is \$500, thus you will be compensated \$1500 each month that you are requested to undertake this assignment. The client does not desire that you do this each month, but wishes you to be available for the three days required when it needs to be done. Making yourself available for three days a month reduces your flexibility and freedom and you should collect a fee for making yourself available. You may set this fee at whatever you wish, but most commonly it is about 25% of the value of your time. If you follow the 25% guide, you would charge the client \$375 a month to simply be available, if needed. What do you get paid if you actually work? My research demonstrates that 44% of the consultants working on such a contract basis would credit the \$375 against the \$1500, while the rest would charge a total of \$1875.

Situation #3. Diagnostic Work. Many clients know exactly what their problems are and have a set expectation as to the precise accomplishments they wish to have the consultant achieve. Some clients, however, are not even aware of what their problems are, much less what an appropriate solution would be. Often, the consultant will decide that it is a profitable

investment of marketing time to undertake a diagnostic evaluation for the client and develop a proposal which not only identifies the problems or needs, but which also specifies a particular action plan to be followed. The psychology of this approach is that the client will be sufficiently impressed with your diagnostic powers that awarding you a contract to implement your action plan will seem like a good move.

There are those times, however, where you are left with the feeling that no matter how good your diagnosis is, the client will not retain your services to implement the action plan. Perhaps the client has a brother-in-law in the consulting business, or you feel that the client won't be motivated to do anything about the problem even if identified, etc. Undertaking diagnosis in such a situation has a strong probability of your giving away valuable time without compensation. How do you handle such a situation?

You could just walk away. Tell the client that you have no interest. But, it just might be that there is some good business to have. That's the problem. We just never know in these kinds of situations. Better, and increasingly in use, is to propose that the client award you a diagnostic contract which would compensate you for the analysis you would undertake and the action plan you would propose. When completed, the client may select from among you, and other consultants, or do nothing relative to your findings. In some cases, you may inform the client that if you are selected to implement the plan of action, the charge for the diagnostic work will be deducted from the total charges incurred.

Situation #4. While You're Doing This Why Not Do That. In this situation, you are under contract to perform activity X. Your client says something to the effect, "as long as you are doing this, why don't you take a look at that and fix the problem." Your contract covers this and not a cent is available for that. You are concerned that you won't be compensated for the extra work. You may not be sure just how serious the client is about really doing this extra work. You hate to make a big issue out of it. How do you handle such a situation?

Too frequently the consultant ignores the client with the hope that the idea will go away. It doesn't. The best approach is to pick up on the client's suggestion. A very effective response to the client's remark "as long as etc." is to say the following: "I would be glad to take a look at _____ and I am sure that the cost of looking at _____ and seeing what should be done would be quite low, perhaps \$_____." The point is simple. Keep the client thinking that any change in scope

produces a change in the budget or estimate. Let the client make the decision as to whether the increased expenditure or investment is a good idea. Always make yourself available to the client to perform these extra tasks, but be sure that your client understands that a charge will be made. That is good business and professional.

THE CONSULTANT AS EVALUATOR: SELLING EVALUATION SERVICES

The use of independent outside evaluation consultants is a rapidly growing market. Obtaining an outside analysis may be useful to management. The credibility of outside evaluation may be mandated by financial backers or government agencies.

Inprocess evaluation results can provide valuable guidance and direction to management. Serving in the capacity of evaluation consultant to determine the degree of efficiency or effectiveness being achieved by other consultants is a possibility too. Inprocess evaluation will usually serve to guide the client/other consultant to strengthen and improve the impact of results in real time. Thus, it may be the most useful form of evaluation.

Terminal or impact evaluation results, while not arriving in time to modify the particular program or activities giving rise to results, certainly can serve to guide the development of future activities and programs. Also, such terminal evaluation results can point out the need for changes and corrective actions.

Of equal importance today is the fact that formal evaluation/audit procedures are becoming the basic compliance tools in responding to an accountability mandate. In the event that funds (such as from a grant or contract of the government) are obtained from outside sources, such terminal or impact evaluation becomes a requirement.

The various types of evaluations possible are really unlimited, but our research suggests that the following types of evaluation are the ones for which outside, external consultants are most frequently used:

Project Evaluation: Used to demonstrate to a project sponsor or funding agency that the client has complied with both the spirit and intent of the enabling fiscal authorization. This usually requires that the evaluation consultant compare the client's proposal and the terms of the grant/contract with the actual results obtained to demonstrate that the predicted accomplishments were actually obtained or are in the process of being obtained.

Audit Evaluation: Used to demonstrate to the client or fiscal sponsor that all project expenses (perhaps including indirect costs) were incurred in compliance with the terms and conditions established by the client or the financial sponsor.

In-process Evaluation: Used to provide the client or the other consultant with information about the progress being achieved toward meeting the stated or implied objectives and accomplishments. In-process evaluation often deals with the rate at which results are being achieved and with the efficiency with which resources are being utilized.

Diagnostic Evaluation: Used to provide data and information concerning a problem or suspected problem or area of need. It is quite similar to need analysis/research. Diagnostic evaluation is frequently used to assist the client to identify areas of insufficient progress and the causes for them.

Impact Evaluation: Often required or mandated when the project or activity is funded by external sources, this type of evaluation is not centered on the project or the activity. It does not seek an answer to the question: Did you accomplish what you said you were going to accomplish? Rather, it asks the question: Was what you did worth doing in the first place? Impact evaluation is target centered. It seeks to determine if any meaningful impact was obtained as a result of the effort expended.

As should be quite clear from the above definitions...a given client may have a need for several or all of these evaluations. If you are responsible for one type of evaluation it is usually logical that you take the responsibility for all evaluation. There is a degree of efficiency which is obtained and the total cost of evaluation is less for the client.

There is no simple and completely general approach to dealing with evaluation. Indeed, an extensive literature will be found in the library on evaluation methodology. It is not our intent to replicate the sum total knowledge or even critique that which is otherwise available.

Evaluation is a project or consultation in its own right. This is true even though it may be only a component of your total responsibility to the client.

One of the major problems with evaluation consulting lies with client expectations. Many clients want a Lincoln at Ford prices. Clients or outside fiscal sponsors often demand a

great deal but are unwilling to budget appropriate funds to obtain the results.

For example, the client may have retained a consulting firm to implement a program designed to lower the rate of personnel turnover as a result of alcohol/drug abuse. The client now elects to retain you to evaluate the other consultant, but only provides you with a budget of 5% of the total project costs--\$60,000. Hence, you have \$3,000. You may, with your modest budget, be able to show a 10% reduction over the period of time the project is in operation.

Your client may be unhappy if you cannot demonstrate that the 10% reduction is due to the specific project and not other factors. You are being held accountable for doing a research project which is far more complex than a \$3,000 budget will permit.

An important marketing responsibility, then, is to level with the client about just what kind of results can be attained given the amount of expenditure that the client is willing to budget for.

THE SIGNS OF BAD CLIENT BUSINESS

Not every opportunity to deliver your services should be accepted. Some client business is bad business.

What are the signs of bad business? What assignments should you turn down?

1. The nature of the work or task to be provided by you seems to be outside of your interests, capabilities or experience. In short, something about the assignment just doesn't feel right.

This sign or any of these subsequent signs discussed are not alone necessarily sufficient to turn down an assignment. Any one may be sufficient, but more often an assignment will be turned down because several of the signs are present.

2. You identify personality conflicts in the relationship between you and this prospect. Not all people get along well together. This hinders a successful working relationship.

You and the client must communicate well for the client interest to be served. If there are indications that good communication is not possible you may wish to stay away.

3. There are unrealistic expectations on the part of the client. If you have a client who expects you to do more than is reasonable--beware. It is not likely that this client will improve later. People who have unreasonable expectations usually try and cover-up this quality during first meetings. If it shows up-front, it will be a lot worse later.

4. A request to perform illegal/unethical acts on behalf of the client. Remember, you have to live with this. Your liability can be as great as, even greater than, that of the client. You are the authority. A good practice management rule: Never let a client become so important to the practice income that you have to compromise your basic assets--integrity, objectivity and independence.

5. Client failure to appreciate the value of the services to be provided. Here is a sure sign of trouble. The client who does not see the value of what you are about to do is a client who will make trouble for you over the fee to be charged and the results produced.

If the services to be provided are on the sophisticated side and the client is not: an instructional or training job on the client may overcome this problem. If you are spending a lot of time on selling the wisdom of doing your thing, however, it may not be in your best interest. Your time is valuable.

6. Potential or actual conflicts of interest. There isn't anyone reading this article who does not know a conflict of interest when it is present. These must be avoided.

But here and now conflicts of interest are not the sole problem. You must also worry about potential conflicts of interest as well as perceived conflicts. Future conflicts must be identified before you start an association with the client. This requires that you think hard about the potential for future events and the conflicts which may be created.

Seeming conflicts of interest--present or future--must be calculated and a way to deal with them must be found.

7. Your feeling that the technology and strategies you are capable of using with respect to client needs are not

fully appropriate for the task to be accomplished. The client should not have to pay for your learning experience. You are the authority. It is necessary that you fully examine the consequences of all that might happen. Your technology must be up to any reasonable expectation the client has. This does not mean that you should practice outside your field of expertise. There is always a point and a place to bring in others.

Be prepared for the fact that the client sometimes wants you to learn at the client's expense. But the client should recognize this and so should you.

8. Insufficient time to complete the client's assignment at the level of quality the client desires on schedule. When everything else is going so well--this is the real killer. Lack of time to do what we know we can do makes us feel bad. It smacks of poor planning and bad organization. It's our fault and not the fault of the client.

Okay, but let's not make it our problem. Being unable to handle a client's needs compounds beyond that single client. It creates a problem for all clients.

If this is happening too often--maybe it's time to get some help. You can, of course, employ an assistant or associate. It may be in your interest not to have a staff. Consider subcontracting to one of your peers--one who is a little less busy than you.

A word of caution here. You have a proprietary interest to protect. You didn't just bring your associate and your client together for their health. You have an interest in this relationship, too. Make sure that they don't get along so well that you lose a client (and an associate).

9. Your perception that the client will be unable to pay your fee or pay the fee within the time limits you feel are reasonable. Unless you are long on the need to handle charity accounts you don't need this kind of business.

If the client appears to lack financial resources to pay your fee or doesn't accept the obligation to pay in a timely fashion, you are in for trouble.

There are some things you can do to help this situation. Check out the client's credit. Insist upon advance retainers for

part of the fee. Make sure that you are receiving progress payments. Your agreement with the client ought to include the terms of payment as well as the dates you will invoice. Don't let the client get behind in payments while you continue to serve.

REMEMBER...NOT ALL BUSINESS IS GOOD BUSINESS.

CHAPTER VI.

SEMINARS

IS EVERYONE GETTING INTO THE SEMINAR BUSINESS?

The seminar business (adult education, in general) is the fastest growing business in the US. Increased leisure time, increasing technological advances, increased discretionary income (for some segments of society) and the press for enhanced upward mobility suggest that this trend will continue during the balance of this century.

The fact that inflation and limited investment capital resources are likely to continue through the end of the decade (if not beyond) adds impetus to the growth. There is a strong realization that "getting ahead" will depend on the use of native talents and education.

The industry is comprised of many small businesses. Each enjoys a small sales volume. Total industry sales, excluding university degree programs, is estimated to total \$6 billion. Despite low concentration, there are signs that larger firms are prepared to enter the market in a not insubstantial way. For example, two major retail chains are already testing the waters and three major publishers are prepared to do the same. The largest units now operating in the industry are seeking expansion both in depth and breadth of offerings as well as in terms of geographic market.

Within the next five to seven years there should be substantial increases in the degree of market concentration. While several major sellers should emerge, overall industry concentration will not likely be great. Low capital investment and ease of entry suggests that the market will always be populated by thousands of small sellers.

Business failure by sellers in the industry is high. This is true because of the low capital investment required and because

of the nature of the seller who seeks to enter the market. The industry is largely populated by what I call professor types. These sellers are characterized by a high degree of ego involvement with the content and subject matter of the product which they provide. They demonstrate little understanding of and appreciation for training in marketing--the vital driving source of success. Sellers, more often than not, tend to be hapless inventors. Over concern with product and under concern with marketing produces a high business failure rate.

The cost of attending seminars and related educational events is not inexpensive. The buyer seeks to buy from established, recognized and credible sellers. Most often, this means colleges, universities and professional associations. Yet these units are least experienced, able and likely to be marketing oriented. They usually don't have a marketing philosophy and they are populated by individuals who have little interest or training in marketing.

The seminar business is ripe for entry by major, experienced marketers with a strong public relations/customer loyalty base. The usually high profitability of the business should further enhance their entry. In an age of expensive capital and declining profitability, the seminar business offers a salvo for many firms seeking horizontal or vertical expansion.

These comments are not said to suggest that small firms, solo consultants will not find success in the seminar business. Thousands do. Two points need to be made, however. Unless those in the seminar business learn how to market their seminars they are assured of failure. The life blood of the seminar business is marketing. Good seminars are fine. Quality insures (not assures) long term success.

Second, the big boys are about to enter the market. This should not scare you off. The nature of the industry is such that there will always be room for those of us who are small. There is an advantage to having big players. They need to acquire fully developed seminars, workshops, etc. If you have these, they are now and will be paying handsome sums for your past efforts.

And for those consultants who don't really want to be in the seminar business on their own, we have some good news, too. Look for fat contracts from people in the business for your development or conducting talent. A word of caution. Do something to figure out what sells. Market your talents in accordance with your findings. The big players are not looking for seminars that are just good. They are looking for seminars which are good and sell well.

If you were in the habit of missing opportunities in the past--and you know who you are--don't be asleep this time. Act now! This is big business.

PUBLIC SEMINARS: A GUIDE

Public seminars are usually marketed in two ways. One is direct mail promotion and the other is general promotion through established media. Direct mail is by far the most frequently used advertising medium. More than 93% of the seminars which were conducted in Washington, D.C. class A hotels in the six months ending January 1979 were advertised exclusively or predominately through direct mail. More seminars are being advertised through established media, including the daily newspapers.

Direct mail has some strong advantages but it has some distinct requirements too. The effective use of direct mail depends on the seminar developers and marketers being able to design or posture the seminar to have appeal to a reasonably small and well circumscribed client base. The efficiency of direct mail results from a high yield of positive responses (seminar registrations) from a narrow audience of persons who have been promoted. If you can't get a tight grasp on a restricted market you will either go broke trying to promote, or you will have to charge such a high fee that the market will not support the seminar. The seminar business is highly competitive and not too many survive.

If the potential market group is too broad, direct mail is not efficient. This does not mean that your seminar will not be successful--only that advertising in the general media, including the daily newspaper, might be the way to go. Media advertising is necessary if you can't identify your market. If a real estate consultant were interested in holding a seminar on how to sell your own house it would be difficult to figure how one would find a mailing list of persons planning on selling and willing to consider selling without a broker. The newspaper or the radio are probably the only relevant media.

The Public Seminar Marketed Through Newspapers: Assuming that you continue your advertising up to three or four days in advance of your seminar (making a register-at-the-door option virtually necessary) the longer in advance of your seminar that you advertise, the more participants you will attract. But, there is a difference between sheer numbers and profitability. The most optimal time strategy is to begin your advertising on

the Sunday preceding your seminar, assuming that the seminar will not be conducted until at least Thursday. If it is an early-in-the-week seminar, begin seven days earlier. If your participants lack the independence to make their schedules flexible you will want to have that extra seven days, too.

In almost all communities where you will be utilizing a daily newspaper, Sunday will be the best day. The Sunday circulation is most often greater than the daily and most people spend more time with the Sunday paper than they can afford to spend with the daily. Sunday papers have a larger out-of-town readership too.

Retailers tend to avoid the Monday paper--which is why it is frequently the lightest weight of the week, but the little advertising which is run in the Monday paper tends to give you better position and also suggests that your ad may stand out a little better. The serious newspaper reader reads the Monday and the morning Monday is an excellent paper for those who are trying to catch up on reality after a weekend of frivolity.

Where in the newspaper should your advertising appear? You can request position but most often you have no guarantees. Some newspapers sell preferred-requested positions at a premium on a first-come, first-served basis, but the trend is toward publisher's option. You are likely to be a small newcomer and your competition is big retail and attractive national accounts who will simply have a bit more clout. Developing a strong personal relationship with the paper's representative will be helpful sometimes.

Most papers sell ROP (run of the paper) which means they will try and accomodate your request by section/area if space permits. Thus you request position by section/area and hope for the best. Try and place your advertising where it is likely to be seen most by your prospective participants. If you are looking to attract males, Sports is perhaps your best placement--particularly on a Sunday. If women are likely to be your best market drop an ad into what in pre-lib days was called the Women's section.

How frequently should your advertisement appear? The more frequently you run your ad the better you are going to pull. If you could afford to do it, you would be wise to have the ad in the newspaper on every page of every section for as long a period as possible. You can run your ad 100 times and still have people tell you that they read the paper every day and never saw your ad before. Despite the fact that frequency is good, you will meet a point of diminishing returns where it just won't make

sense to advertise anymore. What you need is some experience and the only low-cost way to gain experience is by the market test. I said test and not research.

If you ask people whether they will come to your seminar, the answers which you receive may not be too reliable. Remember there are a great number of variables which you are testing when you run an ad for your seminar. Among these variables are the fee charged, the time, the duration, the location, the particular ad, the day of the week the ad was published, the position in the paper, the time of year, etc.

A successful seminar ad will pull in people (read: enough people to be profitable) despite all adversity. The wrong day, bad weather, poor position, a fee just a little too high, etc., will not prevent the seminar from being successful. Now it may well be that the success achieved is not as great as it could be, but if a couple of tests don't produce profitable results you will be best advised to cease and go back to the drawing board to come up with something better.

Don't do your testing in your own backyard and don't do your testing in a big and expensive market. The cost of being wrong is too great and you don't want your friends and colleagues calling and asking how your ad pulled if it didn't do well. There are a great number of cities in this country which are small and inexpensive as seminar test markets and yet they replicate the characteristics of the markets you would really like to advertise in.

This test market experience gives you a feel for how your ad pulls. You will now be able to calculate a per-head cost of bringing people in the seminar. How often should your ad appear? It becomes a function of the amount of risk or exposure you are willing to take.

Once you have a successful formula determined as a result of testing you can make changes in the ad to see if it pulls better.

Believe it or not, one ad will pull, two ads will pull. You don't have to buy out the whole newspaper to achieve success.

How large should your advertisement be? Here again, the answer is the larger the better. But this doesn't mean that you have to buy full pages in the paper to have a successful seminar. The correct question to ask is what should the ad say. It needs to be just large enough to say the right things with a readable type size and sufficient white space to be appealing to the reader's eye. The larger the ad the more people who are likely to see it. But again the rule of diminishing returns will come into play. Market testing will give you a feel for just what

must be the minimum size and if you want to go larger you will have a feel for the risk you are taking.

What should your advertisement say? Just what your ad should say is very critical to its success. There are certain facts you will want to communicate. Date, time, location including a specific address, fees charged and what the fee pays for, registration process and by what means fees may be paid, what the participant will gain or achieve as a result of the seminar, names and qualifications of individuals conducting the seminar, nature of seminar materials to be provided and for whom the seminar is designed or intended.

Your ad has an important function in building credibility for your seminar and the language you use, the type face and various other elements should be given attention.

IF YOU RAISE THE FEE FOR YOUR SEMINAR HOW MUCH ENROLLMENT WILL YOU LOSE?

The answer to this question is worth a fortune. I personally know more than a hundred companies who would pay thousands to have a firm answer to this question. Well, I don't have a conclusive answer but I have some feedback based on research. And I'm going to give it to you here.

1. Half-day seminar, general business topic, open to the public, advertised in daily newspaper in a market area with a total population of about 1,500,000. The test was a split run newspaper test. Two identical ads were prepared with only two test variables altered. Price and day. One seminar was advertised at a fee of \$95 and held on Tuesday afternoon from 1 to 5 p.m.

The second seminar was advertised at a fee of \$65 and held on the day before--Monday from 1 to 6 p.m.

This is about the most perfect test you can run on a seminar advertised in a newspaper. In theory, you would want only one variable to change--price. But, it would be embarrassing to have two people show up and register for the seminar at the same time with one expecting to pay \$95 and the other \$65. Best compromise--two dates.

The beauty of the perfect split-run newspaper test is this. Each newspaper press prints two copies of the paper simultaneously. One moves down the belt on the right side, the other on the left. The paper makes two plates for each

press. The right side plate has the \$65 Monday ad and the left side plate the Tuesday \$95 ad. They come off the press simultaneously and later placed on a common loader to be tied. Every other newspaper carries a different ad. The ads are run on the same day of the week, same page, same location on the page and are distributed randomly. When you receive your paper (or buy it on the street) you have a .5 probability of getting a particular ad.

With this kind of test you know that the difference in seminar registrations is a function of only two variables-- day of week and fee charged. You don't have to worry about other variables which usually compound testing of seminar fees.

Such variables as: day ad ran, location of ad, weather, etc, have been all controlled.

The result: At the higher fee of \$95, there was a decline in enrollment of 60%.

The selection of which day would be \$95 was randomly determined by the toss of a coin. As it turns out this may have been beneficial. If a longer time period between appearance of the ad and the conduct of the seminar is beneficial, because it provides more time for the potential participant to get his act together, then having a lower enrollment on the second day does not hinder drawing the conclusion that a lower price (in this case) produced a greater response.

2. Full day seminar, financial topic, open to the public, advertised in daily newspapers in two different Western US market areas of comparable demographics and economics. Each market has a metropolitan population of 1,500,000. Ad size, frequency of insertion and content the same. One ad was for a Tuesday seminar at \$145 and the other for a Wednesday seminar at \$95.

The result: At the higher fee of \$145 there was a decline in enrollment of 58.4%.

Interesting? I would say so. Conclusive? Certainly not. Although it was interesting that Research Result #2 was statistically about the same as #1, the test was much weaker and much less meaningful.

Now here's the rub. Previous evidence, my results and others, has suggested that seminar fees are rather inelastic at least over what economists call the relevant range.

So, how do we explain the research results? I think it's the economy. When people are optimistic about the economy they are

freer with their bucks. Even if the seminar isn't 100% on target for their needs they will attend because they will gain some benefits. But when they are down on the economy they are tight and you have to be almost 100% on target to get them to register. This means that the lower the price, the less resistance and the higher the enrollment.

HOW TO BUY HOTEL CONFERENCE ROOMS

There are some strategies to use when you book hotel conference rooms which will save dollars.

1. Avoid calling the national sales offices of hotel chains. You will usually pay a higher price because national sales offices have little negotiation power with the individual properties, unless you are booking scores of rooms over an extended period of time.

2. Call the Catering or Convention Services offices of the particular hotel you desire. In cities with which you are unfamiliar, check travel guides such as AAA to find well rated, commercial hotels with good public rooms.

3. Always speak to one of the Catering or Convention Services managers. Ask for a room which is smaller than what you need. If you wish a room for 85 people, you can normally save money by asking for a room which will accommodate 50. A room which holds 85 is one the hotel normally feels justified in selling you at a higher price, say \$125. But they may feel that is a little steep for \$50 and they will quote a lower price, say \$75.

4. If space is available, first ask them the rental charge. Don't give them the opportunity to give you a lengthy sales pitch about the room and the property. Hit them with the hard question first: How much? If the charge seems reasonable, tell them that you hate crowded rooms and request that they tell you how many people the room will hold. You will frequently find that the room is large enough to hold your higher number. If not, tell them that you may actually have a few more people than you quoted and do they have any rooms which are just a little larger. You may pay more, but will usually pay a little less more as you move up from a previously quoted price.

5. Most properties will not charge you rent for meeting rooms if you also have regular meal functions. This provides you with some bargaining power if you want to take responsibility for the meals. The same is often true if you are able to get them guest

room bookings by blocking rooms which your participants will use.

6. To keep your expenses down, try and schedule your seminars or meetings at times which don't kill other rentals of the same room for that day. Hotels try and rent meeting rooms several times during the day. A morning meeting or breakfast, a lunch, an afternoon session and a dinner or evening meeting. Keep this in mind. For example, end your session by 5 p.m. or you kill the hotel's chances of selling the room for a dinner and they may ask you to pay more rent. Or, run your meeting from 2 p.m. until 5 p.m. and let them sell the room for a lunch and a dinner.

CHAPTER VII.

GRANTSMANSHIP by Dr. Harry J. Murphy

GRANTS CONSULTING

What does a grants consultant do? A grants consultant works in the area of "grantsmanship" or the seeking of grants (and contracts) from both profit and non-profit agencies.

A grants consultant is usually pictured as the one who writes grants (a misnomer, really: one writes proposals or grants requests). This is an important role, but it is only one of many roles a grants consultant might play.

In addition to proposal writing, here are some other roles:

- searching for funding sources. Trying to match a fund giver with a fund seeker by research through various source books or personal contacts

- working directly with funding sources, from arranging initial interviews between clients and funding sources right down to assisting clients in negotiating a budget on a funded project

- conducting research and/or evaluation studies on funded projects, managing data banks, serving as a computer and/or statistical resource

- staff development. Training staff on new procedures, data gathering techniques, or new responsibilities as a result of a newly funded project in their place of employment

- grantsmanship training, conducting seminars or workshops for those seeking information across a broad (or narrow) area of interest

- management consulting. Becoming an on-going consultant to a project as advisor to management; periodically reviewing progress and making recommendations

- report writing, preparing the required monthly, quarterly, semi-annual, or annual forms and reports which are required by the funding agency or the management of the grant recipient organization

- planner. Working with management to develop sound,

long range and short range plans, some of which may lead to grant proposals, some maybe not.

--conduct needs assessments. Develop appropriate questions and materials to tap community, consumer or agency needs and incorporate these needs into plans and proposals

--finance. Work closely with management to see that expenditures, conform with federal and state laws, funding agency regulations, and internal salary and personnel policies.

Is there a market for a grants consultant? Some numbers might be helpful in answering this question. The federal government, through a variety of domestic grant programs distributed about \$100 billion in fiscal 1981 which began October 1, 1980. Another \$100 billion in contracts for goods and services were distributed through non-domestic programs. This includes the Department of Defense. Foundations and corporations granted about \$4 billion. How would you like to be a part of this market?

How does a person become a grants consultant? Generally, one has skills and experience in one or more areas such as: writing, planning, grants management, education or training, associations with agencies or companies who have successfully obtained grants or contracts, personnel, computers and statistics, psychology, and of course, consulting in other areas.

Those with a background in written and oral expression, training and management but no experience in grantsmanship should seek out training in the grants area and begin to build their credibility as a grants consultant.

ESTABLISHING THE PROBABILITY OF YOUR CLIENT BEING FUNDED

As a grantsmanship consultant, you will routinely want to estimate the probability of having a proposal funded before you ever begin writing. Some research is necessary to do this successfully and your findings will benefit your client and yourself as well.

Why estimate at all? First, it benefits your client. If your client is new to the grants process, he may have an unrealistic expectation of the odds. Many people are surprised to hear that not every proposal receives funding. If the client thinks that the probability of being funded is 1:2 when it is really 1:20, you, as a grantsmanship consultant, have a professional responsibility to educate the client and give him

the option of not seeking a grant at all. While you may walk away with little or no business for that effort, you have won the respect of your client for your straightforwardness. Should that client consider a grant in the future, he will come back to you.

Second, it is to your benefit to know the odds. You may want to pass if the odds appear too great. You do not always want to be associated with long shots. Your reputation as a winner will be jeopardized. Also, your client may grumble about you if he submits a costly proposal and later discovers that he had little or no hope of being funded. Finally, because you will want more consulting with the project--if and when funded--it will hurt your business if you get no "hits."

How do you arrive at a probability statement? Let's take governmental funding agencies first. Most agencies will freely give you (for the previous year) their ratio of proposals funded to proposals submitted. If 33 were funded and 100 submitted, we are dealing with a 1:3 probability. The National Institute of Health released some historic data a few years ago which indicated that about one in four newly submitted proposals were funded.

I educate my clients this way: 1:5 to 1:4 is reasonable. Perhaps we can tip the odds a bit more in our favor through good research, close/frequent/meaningful communication with a funding source, a well-designed project and a well-written proposal. But 1:4 is a good ballpark estimate.

Clients will react to 1:4 in different ways. For Client A, a single project may be of interest, but he may perceive the effort to be too expensive and the odds too great. So be it. Client B, however, may submit ten proposals on the average, annually, each budgeted at about \$100,000, and be successful on two to three of them. This client would consider the odds to be quite favorable in the light of the annual return. In either case, your clients will appreciate your approach. Client B will receive confirmation that the strategy of submitting ten proposals per year may result in \$200,000-\$300,000 being brought into the organization.

Your research into funding patterns should be designed to uncover special situations in your client's favor. For example, a new funding opportunity became available recently to a client of mine in Denver. A federal funding agency issued an RFP (Request for Proposal). We were told by this agency that they expected to receive 100 proposals, of which 10 were

to be funded. On the surface, the probability of being funded was only 1:10 and the client considered not applying. However, this particular funding agency divided the country into ten regions, intending to fund one center in each region. The Denver client anticipated only one major competitor in the Rocky Mountain region. Hence, the odds were really only 1:2. Denver applied for and won a \$90,000 grant. Many funding agencies stratify in this way and you will need to know this information (or uncover it) in order to arrive at a more accurate probability statement.

The method for determining a probability statement for foundations differs from governmental funding sources. First, consider that the government distributes about \$100 billion annually, while foundations and corporations distribute about \$4 billion. This dramatically affects the probability statement.

Proposals submitted "cold," (i.e., with no previous contact) have very little chance of being funded. Call this no better than 1:1,000.

The proper strategy is for you or your client to contact a foundation, arrange for a face to face meeting between your client (president of governing board if private organization; highest ranking administrator in a public organization) and make a pitch in person with a foundation staff member, donor or trustee. Here you will want to try to turn them on to your idea. You may have no more than a one-page "concept paper" with you.

You may get a "YEA" on the spot, with an invitation to submit a proposal, almost as an afterthought. You may get a "NO" on the spot. Say "Thank you" and leave. Or you may receive an invitation to submit a proposal for further considerations. For example, a staff person of a foundation may work on the full proposal, call the client if there are any questions, and prepare it with a recommendation for support from the board of the foundation. I asked one foundation staff member what percentage of staff-recommended proposals were actually approved by the board. The answer was 70%. Great odds, though I once had a client fall into the unfortunate 30% with this same foundation.

I suggest these steps in estimating probability:

1. Let your client know this is a necessary first step. Agree on an initial fee to cover your hourly or daily billing

rate as well as any direct expenses such as long distance phone calls, travel to a funding source, etc.

2. Contact funding sources. Contact projects funded by the same funding source, if possible. Get all the information you can about their funding history.

3. Share your findings with your client. Let him make the decision to proceed or not. Two good questions to help him make that decision are:

a. If the probability is 1:4 and you are not successful, will you feel badly about the experience?

b. Will you try again at some other time? The client answering No to A and Yes to B has the right attitude and you should enjoy working with him very much.

WRITING THE PROPOSAL

There is no substitute for the simple declarative sentence. Use as many as possible in a written proposal. When you find a sentence that goes on and on--stop--go back. Rework it.

By all means avoid jargon. I saw a request for a proposal (RFP) recently from a funding source in Tennessee (they use jargon too) which asked for a "fully articulated horizontal and vertical vocational education curriculum." Would you know one if you saw one?

Drop in on the coffee break of any organization and listen to their shop talk. They will be speaking in acronyms, esoteric terms, and for all you know, Martian. The outsider would never be able to follow their jargon. If you must use a term, define it. If you must use an acronym, first give the full name, then the acronym in parenthesis. For example: National Organization of Women (NOW). Hereafter you may refer to "NOW".

I gave a grantsmanship workshop at a state hospital in California last year. The workshop participants served developmentally disabled individuals. In their workshop proposals, several referred to a "Ward Eleven" case. This obviously had a great meaning to them but none at all to me. What, I asked, is a Ward Eleven case?

As it turned out it was a group of kids a certain age, with two major physical handicaps, who exhibited certain measurable educational and behavioral characteristics. I encouraged them to clearly explain what a Ward Eleven case was in all their pro-

posals.

The submitting agency is penalized severely if reviewers cannot follow a proposal. In the evening after a lengthy review session, reviewers raise their glasses and toast those few writers who presented an idea simply and logically.

Speaking of reviewers and writing style, here are two expressions frequently on the lips of reviewers:

1. "I don't know what they want." This is the most damning of the two expressions. It means the reviewer read a proposal and it failed to communicate its basic point. Recognizing that some proposals are complex and lengthy here is a suggestion to be sure that the reviewer gets your point and toasts you in the evening: Put a summary or abstract in front of your narrative section. Write the first sentence of that summary or abstract as follows: "The purpose of this proposal is to request \$000,000 from the ABC Funding Agency in order to....(here state what you intend to do. If you intend to do several things, number them as 1, 2, under that sentence.) Now the reader will know what you want.

2. "I don't know what that means." Here a reviewer has just absorbed a string of words which appear to follow English syntax but which have no meaning. For example: a viable community linkage network...a down home, just folks, upward mobility, grass roots effort. What do they mean? Probably nothing at all. Such jargon will certainly confuse a reader. Use plain, small English words arranged in short sentences wherever possible. And as I said in the beginning, use simple declarative sentences whenever possible.

MATCHING CLIENT TO FUNDING SOURCE

The match of client organization to funding source hinges on four historic questions which apply to both private and governmental grants.

1. Has a funding source funded a similar agency or organization? If your client is a public agency you should know that some private funding sources screen out applicants who receive tax monies. You should not apply to this funding source. If your client is a university you should not apply for grants which go only to LEA's (local education agencies=school districts). You must answer the question: Is my client eligible to receive funds from a particular funding source? This is a critical first step in seeking out funds.

2. Has a funding source funded projects similar to the one my client has in mind? By far the greatest majority of funds go to specific projects rather than general operating funds. You should know that most funding agencies operate under specific guidelines--established either by board policy or legislation--which govern the kinds of projects they will fund. Even if you have determined that your client is eligible to receive funds from a particular funding source you will need to know if that source has funded similar kinds of projects in the past (i.e., research with handicapped groups, training of mental health personnel, etc.).

3. Has a funding source funded a project within the range of the cost of the project your client has in mind? If a funding source has a history of funding projects in the \$50-100,000 range and your client's project is budgeted at \$75,000, great! But if your client has a \$200,000 project in mind the funding source would probably not be interested. This might suggest a strategy of breaking the project into two separate proposals and seeking out other funding sources or redesigning the project to fit the funding history of the giving agency. Consider this as a guideline: Stay within 10% of the lowest and/or highest amount given by a funding source in the previous year. In other words, do not come in too low; do not come in too high.

4. Has a funding source given in the same geographic area where my client is located? This applies somewhat more to private than governmental funding sources. Community foundations for example are "geography-limited." They solicit funds from a local community and distribute these funds within the same area. Hence, a San Francisco-based client organization should not apply to the Cleveland Foundation. A contact with the San Francisco Foundation, however, might be an excellent approach.

Some corporate foundations give only in areas where they have business interests. Hence, the Knight Foundation of Ohio (whose donors are the Knight family and Knight newspapers) would be interested in projects from cities where they publish newspapers, such as Miami, not Hartford, where they don't.

Most federal governmental agencies distribute funds on a national basis. Some exceptions are a number of Regional Commissions (New England, Ozarks, Upper Great Lakes, Southwest Border, Old West, etc.), the Tennessee Valley Authority and other federally-administered but localized projects.

Funding sources which fail to meet all four criteria should be rejected. Those meeting the four necessary steps are possibilities. You will want to get all the information you can get from them--regardless of whether they are public or private funding sources--establish a personal contact on behalf of your client.

One major reference is The Foundation Directory, available from the Foundation Center, 888 Seventh Avenue, New York, New York 10106.

HOW TO GET FUNDED BY CORPORATIONS

With the cutbacks in federal grants much attention is being given to alternative funding sources, i.e., corporations and foundations. This article deals with strategies for seeking grants from corporations (as opposed to corporate foundations) on behalf of your clients. Since corporations give about \$2.3 billion dollars annually (and are the biggest supporters of the Arts) they deserve your attention.

There is no central reference work that will name all the corporations that give money (to whom for what purpose). Essentially, you and your client should start with the corporation nearest the front door of the client. The larger corporations tend to be the givers. Those corporations with greater sales/assets/profits should receive your attention.

Remember that corporations receive many requests daily for grants. Your job is to put your clients in the best possible position. Here are some ways to do that:

1. Try to identify a person in the corporation with the responsibility for dealing with grants. Some familiar titles: Corporate Giving Officer, Community Development Manager, etc.
2. Make an appointment. As is true in all aspects of private grantsmanship, the first strategy is to get in the door.
3. Request a 15-20 minute appointment. Be on time and stick to schedule. If the corporate executive is still interested after 15-20 minutes and is asking questions, stay all day if it goes that way.
4. Have a proposal in your briefcase. It need not be long (4-5 pages is usual), but it should be complete: background of the applying agency, problem to be addressed, objectives, method, evaluation, plans for future funding, budget for this project.

5. Be prepared to tell how the company's gift is to be recognized. Fancy plaques are a no-no. The usual way is to recognize the grants in all literature, annual reports, etc.

6. Look for natural ties. If your client is a youth group, look to the fast food chains. If your client is a women's group, look to cosmetics.

7. Don't be put off if you are referred to a national headquarters by a branch office. Ask them to support you or write a letter of support on your behalf.

8. If you have presented the same proposal to other corporations, let each know that. It may result in co-sponsorship.

9. Don't be surprised if the corporation asks the agency to implement a program they have in mind. Occasionally, a corporation is looking for high visibility in a certain area and may have a project of their own in a desk drawer looking for the right agency.

10. Find out funding cycles. You may have just missed an important deadline. Don't let that discourage you. Be prepared to meet next year's cycle on time.

11. If funded, continue to involve the sponsor. Invite them to groundbreakings, award dinners, etc. Invite them to visit the project they have funded. Keep them current.

Corporations tend to be very business-like. Requestors should be dressed appropriately (a laid-back blue jeans agency should dig their suits out of the closet). They are looking for what's in it for them (advertising, image polishing). Be prepared to present accordingly.

Don't be discouraged if turned down. There is always the next time.

CREATING YOUR OWN GRANTSMANSHIP PROJECTS

A special opportunity exists for grantsmanship consultants to assist their clients and create business for themselves. It has to do with identifying a funding opportunity, taking it to a client, having the client act as a fiscal agent, building in a substantial consulting component, and then writing and submitting a proposal.

For example, assume you have a list of past, current and potential clients. You routinely review two government documents, the Catalog of Federal Domestic Assistance and the

Federal Register. Both of these documents report on funding opportunities within federal programs. Your intent is to match funding opportunities with eligible clients.

Suppose you come across a training program that is of interest to you. Neither individual consultants nor profit making consultant firms are eligible to apply but a college or university is. You approach a college, offer to conduct the training program funded and volunteer to write the proposal at no expense to the college if they will agree to act as fiscal agent.

What's in it for the college? Most grants permit an administrative overhead (indirect costs). This could run between 10-65% of the base amount of the grant. Hence a grant for a base amount of \$100,000 could bring in an additional \$10-65,000 in administrative overhead. The college is free to use this money as they see fit and its use need not be related to this specific project.

Many grants permit equipment purchases and allow fundees to keep the equipment when a grant is finished. This could bring in expensive videotape equipment, typewriters, or office furniture which can be diverted to other departments at the conclusion of the grants.

Every successful grant project contributes to the credibility of an organization and makes it easier to obtain the next grant project. There definitely is a "him that has, gets" factor in grantsmanship.

What's in it for the grantsmanship consultant? A bit of speculation as you are offering to work for nothing in the hope of securing a substantial contract. Chalk it up as a marketing expense.

The opportunity to broaden your client list as you may find an opportunity that you will take to an organization you would like to have as a client.

The opportunity to enrich your value to present clients as you may have been brought on by them for the precise purpose of identifying and acting upon opportunities.

The opportunity to regain past clients by informing them of possible opportunities. This gives you an excuse to contact them periodically and to let them know that you are keeping their interests in mind.

You are building your business by securing contracts as such projects are successfully funded.

In order to be successful with this strategy, you will need to stay close to governmental funding systems in order to follow these opportunities. As you see one on the horizon you may want to do some premarketing and make some preliminary inquiries among past, present and future clients. They must be comfortable with you, your talents, your track record, and your approach to them. In other words, they must trust you.

You can establish and build that trust by presenting the opportunity as it will favorably affect them. Be prepared to specify the inputs the college staff and administration will make to the proposal and the actual project. Defend your contributions and your work but leave plenty of room for college involvement so they will feel "ownership" of this idea.

Make an estimate of the probability of being funded and share this estimate with your client. If the college agrees, draw up your contract and go for it!

CHAPTER VIII.

THE FUTURE

CONSULTING IN THE 1980'S

Trend Number One--Growth in Use of Consultant Services: Businesses with 1978 sales in excess of \$5 billion expect to see a greater dependence on consultants. A total of 78.4% expect to use the services of consultants (exclusive of accountants for audit and financial accounting and attorneys for legal work) by 1985. This is up from 41.3% in 1978.

Although no specific research figures are available, government agencies at the state and local level also expect to see much broader use of consultants in the 1980s than has been the case in the 1970s.

Trend Number Two--Growth in International Business: Recent economic events, as should not surprise anyone, suggest a far greater dependence on the foreign market as business buyers of consulting services in the 1980s. Acceptance of the fact that the United States is no longer a sufficient market will become commonplace. Business in the US is expected to take on patterns of thinking akin to business in Europe.

With regard to domestic corporations with sales in excess of \$5,000,000 (1979 dollars) by 1985, it is estimated that 73.4% expect to need the services of specialized independent consultants who will provide direction for expanded international marketing and financing ventures.

Trend Three--Increased Governmental Regulation: Among all businesses with sales in excess of \$5 billion (1978), 89.4% expect to expend substantially increased effort in terms of both personnel and dollars to respond to increasing federal, state and local governmental regulation.

Of those expecting to expend additional efforts responding to governmental regulation, 81.3% anticipate retaining the services of specialized, independent consultants by 1985 to both assist in responding and to provide a buffer between regulatory agencies and those being regulated.

Trend Four--Increased Business with Government: Of all firms doing \$5 billion or more in sales (1978), 42.3% believe that they will be doing more business with government agencies at all levels of government in the 1980s than in the 1970s. However, a total of 30.3% expect to do less business with the government of this nation, with more than 75% of those expecting to do less indicating a corporate policy for less dependence on government business.

A surprising 79.8% of those firms expecting to do more business with the government of this country anticipate the need of specialized outside help in the form of consultants to assist them to master government marketing.

More than 22.4% of those businesses who anticipate doing more business with government in the 1980s describe themselves as doing little or no business at the present time with government.

Trend Five--Increased Difficulty in Obtaining Capital: With little surprise, 89.6% of all businesses with sales in excess of \$5 billion (1978) anticipate acquisition of both debt and equity capital to be more difficult in the 1980s than in the lean capital years of the 1970s. Some 75.4% of these firms expect to retain the services of independent consultants to assist them in their capital acquisition efforts in the 1980s.

Government agencies at the state and local level--56.4%--expect to face the need to find totally new and different sources and mechanisms for obtaining capital and operating funds in the 1980s. More than 61.3% of these agencies expect to retain the help of independent consultants to find ways and means of obtaining financing in the 1980s.

Trend Six--Increase in Business Failures: Despite favorable prospects for the economy in the 1980s, 68.7% of all business chief executives expect the prospect of increased business failures in the 1980s over the 1970s. While business will be good, it will be tougher. The prospects for businesses of a large size to fail are also considered higher, but no specific statistics are available.

Trend Seven--Use of Personal Consultants to Increase: A substantial 63.4% of all business owners and chief executives see increased use of personal consultants for themselves and all of American society. Areas of growth most often mentioned: personal investment, travel, recreation and retirement planning and real estate.

Trend Eight--Increased Demand for Training: Among businesses with sales over \$5 billion (1978) the demand for training is expected to increase. More than 93% see an increase in technical training and 68.6% see an upswing for management training. More than 61% expect to increase the use of outside consultants and training firms in the 1980s over the 1970s.

A total of 42.1% of all firms seeing an increased training obligation/requirement anticipate the use of outside consultants and training firms for the first time in the 1980s.

Trend Nine--Revival of the Free-Enterprise System: Despite fears of increasing governmental regulation and greater dominance of the economy by government, 71.4% of all businesses with sales in excess of \$5 billion (1978) expect to see a trend among US citizens back toward favoring the abilities of the free enterprise system to solve society's problems and meet society's needs.

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